Daily Report

Latin America

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FBIS-LAT-95-112 *12 June 1995*

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Foreign Ministers Assess Changes in U.S.-Cuban Relations

PA1006230895 Mexico City NOTIMEX in Spanish 2042 GMT 10 Jun 95

[By correspondent Enrique Mora]

[FBIS Translated Text] San Jose, 10 Jun (NOTIMEX) — The Foreign Ministers of Costa Rica and El Salvador — Fernando Naranjo and Oscar Santamaria, respectively — today agreed that significant changes in continent-wide policies toward Cuba are in the offing.

In statements to NOTIMEX, Naranjo said, "There are a number of indications within U.S.-Cuban relations that encourage one to forecast a major change that will smooth things over — things that a few years ago showed no signs of short-term solutions."

Naranjo cited the example of Costa Rica acting as a bridge for immigrants by allowing 80 Cubans to arrive in this country weekly as they make their way to the United States. The processing of these migrants, Naranjo explained, has resulted from a clear and joint request from the Cuban and U.S. Governments through the auspices of the International Organization for Migration.

The Costa Rican foreign minister also pointed to the arrest of financier Roberto Vasco in Cuba, which is awaiting a U.S. Justice Department extradition request, according to a report by the U.S. ABC television network. The United States has accused Vasco, who has been at large for two decades, of stealing $224 million from the Overseas Investment Services mutual fund company. The financier was the company's top executive. Vasco also faces charges linked to the illegal donation of $200,000 to the reelection campaign of former President Richard Nixon.

Naranjo refused to comment on Vasco's arrest, but he hinted that progress in the case is likely the result of talks between Cuba and the United States. Although the specifics of these negotiations are not known, they will definitely lead to improved relations between the two countries.

Meanwhile, Salvadoran Foreign Minister Santamaria discussed with NOTIMEX changes in the continent's relations with Cuba — relations "that must be seen from the standpoint of today's world."

He noted that at the General Assembly of OAS Foreign Ministers in Haiti this week, OAS Secretary General Cesar Gaviria broached the Cuban issue. Santamaria noted that in his speech Gaviria pointed to the need to reassess the Cuban issue and to reincorporate Cuba into the inter-American system.

"The Cuban issue has not been fully addressed for more than 30 years. Now, however, it has to be viewed from the standpoint of today's global situation. I believe it must not continue to be handled by way of the same criteria and dynamics with which the issue has been handled in the past," he said, adding, "I believe that inviting Cuba to join the inter-American system would be good. However, there must also be a certain opening within the hearts of the Cuban people themselves."

The chief of Salvadoran diplomacy asserted that the Havana Government must maintain the ultimate responsibility for Cuba's political and economic matters. Nevertheless, he also pointed out: "Cuba is already promoting foreign investments. There are countries on our continent — countries such as Argentina, Chile, Colombia, Costa Rica, El Salvador, and Honduras — in which businessmen have recognized this opening and are already making direct investments."

Santamaria stressed that there are even more investments coming from Europe. Spain, France, and Italy stand out as heavy investors. This is also true of Canada from our continent.

"We understand that these changes constitute a new reality. In turn, we must focus on and fully assess them in an effort to find a solution," the Salvadoran diplomat added. He also stressed, "We must sit down and talk about the issue in a profound and sincere manner to resolve what have been regrettable circumstances surrounding such a significant and large country as Cuba, which has been excluded from the system for so very long."

OAS Permanent Council President Supports Talks With Cuba

PA1006035895 Paris AFP in Spanish 1831 GMT 9 Jun 95

[FBIS Translated Text] Montrouis, Haiti, 9 Jun (AFP) — In closing the Montrouis ministerial meeting, Marlene Villela, OAS Permanent Council president and Honduran ambassador, today explained the need to maintain an open and constructive hemispheric dialogue with Cuba to help it in its economic progress and political reforms.

In statements to AFP, the ambassador also insisted on the need for Cuba to commit itself to implement reforms toward democratization before making any move to return to the inter-American system, from which is has been alienated since 1962.

"We all agree we want Cuba to return to its place at the OAS and the group of nations. We have noticed that there is a growing spirit and widespread desire for Cuba

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to return to the inter-American system," Ambassador Villela pointed out.

"Of course, we have to see changes first, and there must be democratic opening in Cuba," she insisted. She continued by saying that maintaining open hemispheric talks with the Caribbean island is necessary and "essential" to encouraging reforms in Cuba, adding, "through these talks, all brother countries can help Cuba return to the OAS as soon as possible."

The Honduran diplomatic did not rule out the possibility of the Cuban issue being officially added to the results of what was discussed at the ministerial meeting. This is an issue that is gaining importance day by day, and there could be the possibility of one country or group of countries, such as the Rio Group or others, requesting that this issue be officially addressed at the assembly slated to be held in Panama, she affirmed.

"I said officially, because the issue is already being discussed unofficially," Ambassador Villela said. She added that she felt the Montrouis assembly was "a complete success" because of this and other aspects.

"As president of the Assembly's Preparatory Commission, I can assert that my satisfaction with the results is shared by other ambassadors who have also voiced their opinions on the success of our meetings," Villela underscored.

"The continent took a new course and decided the OAS must face the challenges and problems of the end of the century with courage, determination, and dialogue. All issues have been examined, and we have decided that the OAS must be prepared to face all challenges and respond to the Latin American people's demands for urgent solutions to their needs," the Honduran ambassador concluded.

Diplomats View Mechanisms for Cuba's Return to OAS

PA0906201695 Paris AFP in Spanish 2121 GMT 8 Jun 95

[By Enrique Guzman de Acevedo]

[FBIS Translated Text] Montrouis, Haiti, 8 Jun (AFP) — The topic of Cuba's return to the inter-American system will be included in the official agenda for the next OAS ministerial meeting to be held in Panama in 1996, if the planned mechanism does not yield the diplomatic projections expected, experts in the case told AFP today.

According to the mechanism, the Rio Group — which does not include the United States or Canada — will issue a resolution supporting the efforts concerning Cuba at the group's ministerial meeting to be held in Quito, Ecuador, in October, the sources explained.

That action would broaden the path for Cuba's return to the inter-American system and would facilitate the introduction of the subject into the OAS agenda, which will be the next big step in the debate.

Although the subject was not officially discussed at the Montrouis meeting, the door remained open for a future debate.

Some sources even confided that the OAS may send a South American diplomat to Cuba to "hold talks" with Fidel Castro on the subject.

That would be the initial "liaison" in a process that would be protected by diplomatic secrecy "to prevent misinterpretations that could hinder the negotiations."

This is a very "sensitive" subject, the sources stressed, particularly because of the U.S. dispute with Cuba, they added.

"The subject can and should be discussed in the OAS," said OAS Secretary General Cesar Gaviria, who gave the government of Fidel Castro an opportunity to mingle with democratic countries in the continent as a future partner by offering "an opportunity" to be readmitted to the organization.

Gaviria admitted that the subject could be included in the agenda for the next OAS General Assembly — with the participation of foreign ministers — to be held in Panama as agreed on 8 June.

Thanks to Gaviria's efforts, Fidel Castro's image was enhanced at the Montrouis ministerial meeting, contrary to what happened at the Miami presidential summit in December, when he was totally ignored. Nevertheless, on that occasion Argentina's attempt to include the Cuban topic in the sense of seeking an end to the Marxist-Leninist government was rejected, which favored Castro.

"Cuba will not waste the opportunity laid down in Montrouis, but it is not likely that anything specific will happen before the U.S. 1996 presidential elections," European diplomats accredited in Montrouis as observers said.

Other Latin American ambassadors said it seems logical "that the Cuban issue will advance in accordance with U.S. political events." These diplomats represent countries who currently maintain normal relations with Cuba, and on many occasions have advocated initiating and maintaining an open dialogue to "help" Cuba, without forgetting that finding a solutions to ease its

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tensions with the United States is definitely a bilateral problem.

The opportunity that Gaviria offered the Castro government to return to the OAS after making some democratic reforms was timidly supported by the countries attending the Montrouis meeting. The United States, however, firmly supported it, while Brazil, Mexico, Bolivia, Colombia, and Chile supported efforts without previous conditions. Canada, on the other hand, introduced a new factor by demanding an open dialogue to help Cuba advance in its reforms.

"Isolated and without support, Cuba will not be able to advance as the entire continent hopes. We believe that even the United States has issued signals that were previously unimaginable to maintain a dialogue, such as the migratory agreement signed by Presidents Fidel Castro and Bill Clinton. That was an unprecedented action in the history of two rival countries separated like oil and water," the sources said.

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Cuba

Foreign Ministry Confirms Robert Vesco's Arrest

PA1006164795 Havana PRENSA LATINA in Spanish 1616 GMT 10 Jun 95

[FBIS Translated Text] Havana, 10 Jun (PL) — The Ministry of Foreign Relations of Cuba today confirmed here the arrest of U.S. citizen Robert Vesco, "under the suspicion that he is a troublemaker and an agent of special foreign services."

Several years ago Robert Vesco requested to come to Cuba to receive medical treatment, which was granted. Later, beginning in September of 1992, he was allowed to reside in the country for humanitarian reasons, according a Foreign Ministry note.

The text added that Vesco is currently under investigation.

OAS Discussions Said 'Ignored' by Cubans

PA0906144695 Havana PRENSA LATINA in Spanish 2250 GMT 7 Jun 95

[Article by Javier Rodriguez: "Cubans Unconcerned About Possible Return to OAS"]

[FBIS Translated Text] Havana, 7 Jun (PL) — Immersed in the reconstruction of their economy and the search for solutions to their most urgent problems, Cubans listen to the news about an eventual return to the OAS without much interest.

Although Cubans are well-informed about the OAS meeting in Haiti, they understand that Cuba's return to that organization is not a priority for the country.

The reason for this lack of interest has a very easy explanation to those following Cuban history for the past decades, when the name of the OAS generally has been linked to positions against the local political process. On many ocassions the organization has particularly sided with the U.S. hostile strategy against Cuba.

Cuba was suspended as member of the OAS in 1962, amid a political offensive that included military actions and even terrorist plans that originated in the United States with full support from the White House.

The OAS participation in the attempt to end the new situation in the island as a result of the triumph of the revolution in 1959, followed by its subsequent and permanent use as a means of political harassment against Cuba, has deeply affected the image Cubans have of that forum.

For that reason, it is hard to find someone who believes or accepts alleged intentions of favoring Cuba's readmission to the organization.

There is less enthusiasm — if any at all — when those proposing the return state that there are some conditions Cuba must meet, such as essential modifications to the political system, which are demanded primarily by Washington.

This suggestion, after 36 years of following the path Cubans have chosen for the country's independent development, confirms local analysts' conclusions that good sense has not totally prevailed among the participants to the Montrouis meeting.

The official position, stated by Foreign Minister Roberto Robaina, was also clear when he pointed out that Cuba will not accept conditions for its return to the organization.

Meanwhile, discussions on the subject continue at the OAS without much prominence and ignored by 11 million Cubans.

Commentary: OAS Must Prove Itself on Readmission Issue

PA0906161195 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Jun 95

["Radio Havana Cuba Comments" by Norberto Hernandez Valdez; from the "Evening Information Review" newscast]

[FBIS Translated Text] In response to the so-called Cuban case in the OAS, Cuban Foreign Relations Minister Roberto Robaina clearly reiterated that his country does not oppose reentry, nor does it accept preconditions or requirements for doing so.

The Cuban foreign minister stressed that Havana has excellent relations with most countries of the continent but prefers a clear consensus on Cuba's reentry into the regional organization. In 1991 the Cuban Government declared it was not against reentering the OAS provided the regional community fully agreed that such a move was appropriate.

Regarding the positions adopted by the American states, the Cuban foreign minister said some governments have not mentioned conditions, others prefer to see how events develop, and still other want to impose conditions.

Responsibility for doing something about this, Robaina said, is in the hands of those who expelled us. When we are asked what we think, we will reiterate that we will not accept any conditions.

The truth is that it seems strange to me that after having expelled Cuba from the OAS — an institution to which all countries in the area should belong simply

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by virtue of where they are located — conditions are being placed on Cuba's reentry. All the dictatorships, including the bloodiest ones in the hemisphere's history, have been members of that organization, and it did not occur to anyone to propose their expulsion from the regional community. The explanation is very simple: the dictatorships had the support of the Washington government, which was always a godfather to de facto regimes originating in the garrisons. Regional tyrants have always been the hired cheerleaders of imperialism and neocolonialism.

Cuba, nevertheless, was expelled as a political leper on U.S. instructions, only because Cuba did not bow to the interests of the (?urgent) power and decided to exercise its national independence and sovereignty to give itself a truly popular government, which fought to solve serious national problems without asking anyone's permission.

This was the crime that cost Cuba — in addition to expulsion from the OAS and the downpour of slanderous propaganda that followed — its diplomatic relations with most of the governments that had agreed to the expulsion, Mexico being the honorable exception.

To impose conditions on Cuba, or even to mention them at a time when its admission into the OAS is being considered, is tantamount to continuing to follow Washington's guidelines for foreign policies. Again, it means being subordinate to the imperial criteria.

It should not be forgotten that the OAS was once nicknamed Ministry of U.S. Colonies. To free itself from that stigma, it is the OAS that must prove itself, not Cuba.

Alarcon Addresses Foreign Ministry Employees on Helms Bill

PA0906202095 Havana PRENSA LATINA in Spanish 2349 GMT 8 Jun 95

[FBIS Translated Text] Havana, 8 Jun (PL) — Ricardo Alarcon, president of the Cuban National Assembly of the People's Government, said today that the Helms-Burton bill to tighten the blockade against Cuba is the written expression and program of the counterrevolution.

Alarcon addressed a public audience on the subject at the Foreign Ministry in the presence of Foreign Minister Roberto Robaina and employees from various branches of the ministry.

During his speech, he emphasized that the bill currently being discussed in different U.S. congressional committees contemplates not only imposing a specific political and economic system on the island but also subjecting future Cuban generations to servitude.

Alarcon recalled that the bill even proposes the return of nationalized properties to the repressive members of the Fulgencio Batista regime, which was overthrown in 1959 by the revolutionary movement headed by Fidel Castro, and granting Cuban nationality to those who once renounced it to become U.S. citizens.

The only way to please our enemies would be through the people's massive suicide, by imposing slavery and racism once again, and by making our nationality disappear, Alarcon said.

Foreign Minister Robaina said Cuba defends its sovereignty and independence against an interventionist project. We will not allow them to take what we have built or our right to dream, and that is why we are fighting this bill, he said.

Carlos Fernandez de Cossio, director of the Cuban Foreign Ministry's North American Office, gave a broad explanation of the consequences and main objectives of the bill: intensifying the economic blockade, tying the hands of the current and future U.S. administrations to hinder any positive change in relations with Cuba, and imposing the country they want Cuba to be.

Finally, Rafael Dausa, an expert in the same department, said promoters of the bill are trying to overcome the obstacles to its approval posed by international rejection by using congressional mechanisms to include parts of the bill in other laws under discussion.

Alarcon, Robaina Attend Minrex Meeting on Helms-Burton

FL0906122495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 9 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] Workers of the Foreign Ministry [Minrex] analyzed the Helms-Burton bill during a public hearing attended by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, and Foreign Minister Roberto Robaina.

Those who work with U.S. policies day in and day out, contributed ample elements on the goals of the bill and the consequences it would have for the Cuban nation. To these specialists the bill has an interventionist and annexationist nature, and both the Helms-Burton bill and the Torricelli Act are an attack on Cuba's sovereignty and Cuban nationhood itself. Its interventionist nature affects third countries; this has served to show the world the true face of the U.S. policy toward Cuba.

Alarcon stated that the Helms-Burton bill was drafted because its drafters feel U.S. policies toward Cuba, have yet to yield the desired results. According to Robaina,

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the Minrex works and will continue to work to defend Cuba's sovereignty and give the people the necessary arguments to allow them to consider and understand those who seek to hamper their security.

Alarcon Warns Helms-Burton Bill Threatens Region

PA1006034595 Havana PRENSA LATINA in Spanish 1541 GMT 9 Jun 95

[FBIS Translated Text] La Paz, 9 Jun (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government (ANPP) of Cuba, has warned here that the Helms-Burton bill, which is aimed at tightening the U.S. blockade against Cuba, will threaten the rest of Latin America more than the island itself.

The Cuban leader made this statement in a long interview published today by the Catholic newspaper PRESENCIA. The interview was granted to Ana Maria Campero, the director of the newspaper, during her recent visit to Havana.

Referring to the fact that the Rio Group foreign ministers recently denounced the bill presented by U.S. lawmakers Jesse Helms and Dan Burton, Alarcon indicated that there are certain fundamental aspects in this law that must prompt concern in every country in the region.

He explained that the bill's most controversial point is that it stipulates that people who held properties in Cuba prior to 1959 will regain them, and this is something that can only be implemented in Cuba if the government is toppled.

Although it appears as if Cuban citizens will be the ones hardest hit by this law, Alarcon indicated that the Helms-Burton initiative would set a precedent that could be applied to other countries, such as Costa Rica and Nicaragua, without necessarily toppling their governments.

The Cuban leader also said the proposed legislation corresponds to the way the new ultrarightists in the United States act and their concept of the new world order.

Later, the ANPP president rejected predictions made by extremist sectors in the United States in the sense that the recent migration agreement between Havana and Washington will have disastrous effects on those Democrats currently in power.

Although he said President William Clinton's political organization will probably lose the economic support of the Cuban community exiled in Florida, he added that he had no doubt whatsoever that the Democrats would win the next elections in that state.

Alarcon noted that the migration agreement reached between Havana and Washington responds to the desires of the majority of U.S. citizens and those Cubans who have settled in that country. Furthermore, it has the virtue of clarifying the immigration situation, and therefore its implications go far beyond Florida.

Answering questions posed by the interviewer, Alarcon portrayed as an impossibility, based on how U.S. citizens feel about the issue, that the Republicans, in the hypothetical case of winning the presidential elections next year, would rework this agreement.

He also said the text of the document, among other aspects, places Cubans on equal footing with all other Latin Americans in their ability to immigrate into the United States.

Asked whether it was possible that Washington's relations with Havana would start to thaw in the wake of the migration agreement, the Cuban official said the agreement helps to normalize their bilateral ties and eases tension.

Alarcon stressed that this is only a partial agreement and covers only one part of the problem, although it is obviously one of the oldest problems rooted in the beginning of the Cuban-U.S. conflict, considering it comprises the heart and essence of their differences.

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Government, EZLN Agree on Ground Rules for Negotiations

PA0906144095 Mexico City NOTIMEX in Spanish 0459 GMT 9 Jun 95

[FBIS Translated Text] San Andres Larrainzar, 7 Jun (NOTIMEX) [dateline as received] — The second day of talks between the Mexican Government and the armed group in Chiapas concluded today with an agreement on the ground rules for future talks. They also discussed proposals from the two sides about settlements for Zapatist forces.

The National Mediation Commission (Conai) press commission and the Harmony and Peace Commission (Cocopa) reported that the session took place "in a calm, respectful atmosphere."

They reported progress in the evaluation and discussion of a detente plan and on a minimum agreement for following up on the plan.

Commission members Juan Gomez Aranda and Miguel Alvarez said the talks between the two parties in conflict addressed plenary sessions, internal meetings, mediation, private meetings for each delegation, and [word indistinct].

The representatives said the Zapatist National Liberation Army [EZLN] and the Mexican Government discussed and rephrased two items of the basic rules for discussion, which were proposed and presented by Cocopa in Spanish, Toztzil, Tzeltal and Tojolabal. The parties reached an agreement on several basic rules:

1. The basic rules shall only govern the discussion of detente measures and basic protocol procedures for dialogue and negotiation of an Agreement of Peace and Harmony With Justice and Dignity.

2. The parties shall agree on the discussion issues to be included on each day's agenda prior to the meeting. The last item on each day's agenda shall be the agenda for the next meeting.

3. Once the meeting begins, the parties shall discuss each and every item on the agenda. The parties hereby agree to submit their general proposals directly and in writing in order to ensure smooth progress during the talks. Once presented, the parties will allow a reasonable time to examine the content and request clarification.

5. [number as received] Individual proposals or motions requesting changes to the general proposals made orally shall be transcribed immediately to allow the parties a more precise understanding thereof.

6. The parties have the right [word indistinct] and fully discussed only if they are included as an item on the agenda agreed to the day before or if the parties so agree during the meeting.

7. Whenever parties submit a completely new general proposal or a motion making substantial changes to a general proposal, the parties have the right to request a recess during the dialogue process to fully understand the contents thereof.

8. The negotiators shall agree on the duration of a recess.

9. Participants shall have the floor for a limited time to ensure the smooth progress of the meeting. The participants shall decide on the duration of such at each meeting, depending on the importance of the issue in question and being sure to keep the format of the meetings flexible.

10. The participants hereby agree to use common, simple, understandable, and respectful language during the dialogue, taking into account the cultural differences of those who make up each negotiating team.

The Conai and Cocopa press commission stated that after the parties had reached these basic agreements, the EZLN announced the results of the meetings it held with its members to present the official proposal the government made during the last meeting.

The subcommission announced that the third day of peace talks in San Andres Larrainzar will begin at 0900.

EZLN Calls for National Consultation

PA1106135495 Mexico City LA JORNADA in Spanish 8 Jun 95 p 11

[Communique issued by the Clandestine Indian Revolutionary Committee-General Command of the Zapatist National Liberation Army, EZLN, "in Mexico in June"]

[FBIS Translated Text] To the people of Mexico, the peoples and governments of the world; and the local and international media:

Brothers: One year ago in June 1994 we said no to the government's proposals to sign a fictitious peace. One year ago, the supreme government, after meeting our demands for democracy, freedom, and justice for all Mexicans with a mountain of papers, the offer of "generous" alms, and a haughtiness that led the country to its worst crisis in history, heard the Zapatists reject these proposals and say we were not willing to exchange our dignity for money and promises.

One year ago, the EZLN addressed the Mexican nation, demanding a national dialogue with every person, group, and organization that makes common cause with EZLN in the struggle for democracy, freedom, and justice.

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The EZLN recognized that a great social force had expressed itself early in 1994, first to stop the war and later to pave the way for dialogue. The EZLN recognized the power of this social, civil, and peaceful voice and invited it to seek and raise one flag, the national flag, so the EZLN and this force could strive together for the transition to democracy. We made this call in our Second Declaration of the Lacandon Jungle. We called this first national dialogue meeting a "National Democratic Convention" [CND]. Two months later, the desire of broad sectors of the country to make a transition to democracy led to the birth of the CND on 8 August 1994 in rebel territory and against the bad government.

Various organizational efforts, groups of citizens, intellectuals and honest artists, centrist and leftist political organizations, and a large number of citizens not affiliated with any party came together during the convention. Recognizing that we faced a common enemy, the state party system, and heeding the call of the EZLN's faceless men and women, we concurred in our demands for democracy, liberty, and justice for all Mexicans. We concurred but did not unite. The absence of a common program and platform turned the electoral horizon into an obstacle that stood against the CND. The dialogue among different forces was and has been difficult. The obstacles and stagnations have not been few. Yet the CND's banner was and is still valid: civil and peaceful struggle against the state party system.

The 21 August electoral fraud and the 1 December 1994 ceremony to give continuity to neo-liberalism in our country have been followed by the outbreak of the economic crisis, a traitorous war disguised as legal, the government's stubborn reluctance to allow a democratic opening and an in-depth state reform, the shameful sale of national sovereignty, and repressive blows against the popular movements.

In Mexican cities and the rural areas, the people's demands were met with the same answers: lies, imprisonment, and death. Nevertheless, contrary to what the bad government expected and desired, the post-electoral stagnation was overcome and the democratic forces handled each new blow rapidly, creatively, and decisively.

New forms of organization have emerged since then: rank and file fronts, coordinating boards, civil associations, citizens' committees, and organizational alliances. Nevertheless, the various initiatives are limited and wear themselves out in the context that produces them. An organized reaction meets each new blow, but the system prepares a new blow for each organized reaction.

We lack a national initiative that would join and merge all the organizations that are now dispersed. We pointed out in our Third Declaration of the Lacandon Jungle that we lack a national liberation movement that would unite all forces, citizens, and organizations fighting against the state-party system. It is a movement that would find the point of agreement common among all democratic forces; it is a movement that would take up a common program. It is a movement that would propose a national action plan; a fight for democracy, freedom, and justice for all Mexicans; and the defense of national sovereignty.

Discussions about the features of this major national opposition movement postponed its materialization. The CND, which was called upon to head this broad opposition front, was discussing whether it should be a class front or a broad front, as though they were mutually exclusive, as though the creation of a broad pluralistic movement hampered the creation of a class front. The CND avoided making a decision on this issue.

The repressive economic blows of February, March, and April; the people's serious dissatisfaction; the lack of alternatives; and the awakening of the country's workers made us see that postponing the call for which the Mexican people were waiting days later was a mistake.

However, our protagonists and our new organization forms are starting to again point to the urgency and the need for an initiative like the national liberation movement.

Today we believe it is still necessary to create a broad front to oppose government policies. Today we find ourselves at the beginning of a new attempt to hold talks with the supreme government. Today we are stressing our demands for democracy, freedom, and justice for all Mexicans.

Today we are offering, as we did 18 months ago, our blood, our voice for everybody to talk, our shout for everybody to shout, our demands for everybody to demand.

Today we are demanding for everyone!

Today we are demanding a national dialogue between those opposing the democratic change and those striving to make it a reality, a dialogue between the government on the one side and all the democratizing forces on the other.

National Talks To Be Able To Talk to the Government

We, the Zapatists, see this dialogue as necessary. We refuse to make decisions without listening first to those who have helped us so much in the search for peace with justice and dignity. We cannot do what the bad

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government did: make decisions without consulting those who are supposed to support them.

Brothers, every time war swept our land, we proved we knew how to listen. Today we want to prove it again, thus steering our path. That is why we are addressing the people of Mexico, the CND, the many independent social organizations, the opposing political parties, civic organizations, nongovernmental organizations, unions, students, tenant farmers, country and city workers, Mexican Indians, housewives, intellectuals and artists, religious people, the elderly, women, men, and children. We are also addressing the international committees of solidarity with the struggle of the Mexican people, our brothers and sisters of North America, Europe, Asia, and South America.

We call on everyone, legal and clandestine, armed and peaceful, civilian and military, all those who struggle for democracy, freedom, and justice in all forms, at all levels, everywhere in the world.

For us, for the Zapatists, the voice of civil society is important. Your voice has value and strength for the Zapatists. We want to listen to your words and to know your thoughts to move ahead.

We are addressing all our brothers to propose a national and international consultation to guide us on the course we must follow at this historic moment.

We propose that a great national consultation be organized to ask the following questions:

1. Do you agree that the main demands of the Mexican people are land, housing, employment, food, health, education, culture, information, independence, democracy, liberty, justice, and peace?

2. Should the various forces seeking democracy unite in a broad opposition front and fight for these 13 main demands?

3. Should there be a profound political reform in terms that would guarantee equality, citizen participation — nonpartisan and as well as nongovernmental — respect for the vote, reliable electoral registers, and recognition of all national, regional, and local political forces?

4. Should the EZLN become an independent and new political force?

5. Should the EZLN join other forces and organizations to establish a new political organization?

These are the five questions that should be answered with a "yes," "no," or "I don't know." These are the five questions we all need to answer before we can advance.

Brothers, we respectfully urge the brothers of the National Civic Alliance to contribute their experience in organizing citizen consultations to this peaceful civilian effort within the struggle to achieve democracy.

We urgently call upon the various groups that make up the CND to suspend their internal disputes and organize and implement this great national consultation.

We call on the National Workers Convention to organize the consultation among labor unions, work centers, and labor organizations.

We call on the National Indian Convention to organize the consultation among the country's Indian and peasant communities and the independent Indian and peasant organizations.

We call on the National Student Convention to organize the consultation in mid-level and higher learning centers.

We call on the National Women's Convention to organize the consultation in independent women's organizations, neighborhoods, and among housewives.

We call on the National Artists Convention to organize the consultation among cultural workers so they can contribute with their work and production to the holding of this consultation throughout the entire country.

We call on solidarity organizations which support the just cause of the EZLN in the United States, Spain, Italy, France, Germany, Greece, Japan, Chile, the Netherlands, Sweden, Norway, UK, Argentina, Venezuela, Switzerland, Belgium, Austria, Russia, and the entire world to organize consultations in their respective countries.

Brothers, this is our word. We must organize ourselves to ask; we must organize ourselves to answer; and we must organize ourselves to take action. The results of the consultation should be ready by 8 August 1995, the first anniversary of the start of the National Dialogue for the Transition to Democracy. With this proposal for a great citizen consultation, the EZLN ratifies its commitment to command by obeying. It is a sign of its seriousness and true commitment in the search for a political solution to the war. The EZLN calls for a new national dialogue among the country's democratic forces.

Democracy!

Freedom!

Justice!

From the mountains of southeast Mexico

Clandestine Indian Revolutionary Committee-General Command of the EZLN

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Mexico, June 1995

Government, EZLN Issue Communiques on Third Round of Talks

PA1006220295 Mexico City XEW in Spanish 0430 GMT 10 Jun 95

[Report by Juan Sebastian Solis from the "24 Hours" newscast]

[FBIS Translated Text] The third round of talks in San Andres Larrainzar concluded today without any concrete agreements on the issue of military detente. Representatives from the Mexican Government and the EZLN [Zapatist National Liberation Army] were unable to reach an agreement on selecting one of the corridors proposed for the redeployment of Mexican Army troops to bolster the EZLN's security in the area.

Just before 2100, the Media Liaison Commission announced each delegation would provide an explanation of why a detente agreement had not been reached.

Marco Antonio Bernal Gutierrez, coordinator of the government delegation, read a communique pointing out that by not selecting one of the seven proposed corridors, the EZLN retreated from what it had agreed upon on 14 May in San Andres Larrainzar. He added that the government delegation made a counterproposal to the proposal issued by the EZLN.

[Begin Bernal recording] Counterproposal from the federal government in reply to the EZLN modified proposal to implement the 14 May 1995 minimum agreement on detente measures adopted by both parties:

First, the proposed corridor to test the detente measures, by estimation, is the one leading from Monte Libano to San Caralampio. This corridor includes the following principle features:

A. The federal Army will regroup at both sides of the specified corridor — in other words, at Monte Libano, and San Caralampio. In order to accomplish this, it will be necessary to redeploy military units currently stationed at Tani Perlas and Perlas de Acapulco.

B. A Provisional Follow-Up and Verification Commission comprising members of the National Congress and the nongovernment organization All Rights Belong to Everyone will be responsible for permanently monitoring compliance with all agreements. As agreed, the EZLN is committed not to become involved in peacekeeping or public security duties — duties that correspond exclusively to the appropriate authorities — and to work to ensure peace and public order in the Tani Perlas corridor.

Once the Provisional Follow-Up and Verification Commission has reported that the Monte Libano to San Caralampio strategy is operating satisfactorily, it will be possible to incorporate other corridors into the detente effort.

Given that both sides are willing to implement all measures related to procedural guidelines, which include the establishment of working tables to discuss the general points of the agenda, they both also agree to activate, at the first opportunity, one of these tables at Guadalupe Tepeyac. [end recording]

A few minutes later, to avoid any misreading of what was taking place, Miguel Alvarez Gandara, a member of the Media Liaison Commission and Conai [National Mediation Commission], reiterated that the dialogue had not broken off.

[Begin Alvarez recording] As the EZLN delegation arrives, and per the media's request, I would like to repeat the information we have. Both delegations are currently presenting their assessment of the current stage of the talks and, more specifically, the reasons why an agreement was not reached on the issue of detente. At any rate, in no way should this be interpreted as a break in the dialogue, because the talks will continue tomorrow at 1030 to cover other issues on the agenda, such as procedural rules. In a few minutes, the EZLN will be here to make a statement. [end recording]

The nine EZLN delegates arrived at 2130 to explain their version of why no agreement was reached on the issue of military detente. An official communique was read by Commander Zebedeo.

[Begin Zebedeo recording] I, Commander Zebedeo, will read an official communique from the delegation:

Communique issued by the EZLN

San Andres Larrainzar de Los Pobres

9 June 1995

To the people of Mexico; the people and governments of the world; the local, domestic, and international media; brothers:

1. It is possible for us to lose everything, except our dignity. This is the principle on which the EZLN has based its struggle. This is the firm belief of this Zapatist delegation, and we are certain that this belief is shared by all of the organized and democratic people of Mexico.

2. Over the past two days of talks, we have made five proposals and counterproposals to the federal government to reach a minimum degree of detente along the

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Margaritas-San Quintin corridor. Our main concern lies in that the people of Guadalupe Tepeyac would like to return to their land and homes with dignity. We have been ignored, and our proposals have been rejected. The government has not shown any evidence of political willingness.

3. The government says that under no circumstances will the federal Army withdraw from Guadalupe Tepeyac. The government intends to use the situation in Guadulupe Tepeyac to force us to leave under its conditions. The government proposes a working table at Guadalupe Tepeyac, as well as for the Army to be replaced by the military police for a short period. We are beginning to believe that this proposal is nothing more than an attempt to mislead us. If the dialogue does not go the way the government wishes, then the soldiers will be free to act. However, if we misbehave, then they will force us to leave. This is how we see it. If they intend to withdraw from Guadalupe Tepeyac, they must do it without any preconditions as evidence of such a willingness.

4. The time to choose has arrived. We vote for dignity. If our homes are taken away, we can always build others. If our dignity is taken away, however, then we will have lost everything. We will never allow this to happen. We can give up everything, except our dignity.

5. They can keep the empty streets and houses. All of these can serve as monuments to the 9 February 1995 betrayal. They can also keep their hospital, which in itself is of no use to us. We are going to build another Guadalupe Tepeyac, and it is going to be a monument to the dignity of Zapatist Indians. Let the old Guadalupe Tepeyac remain as a shameful testament to the government and a reminder of its treachery. Let the new Guadalupe Tepeyac represent a reminder of Zapatist pride and the message that dignity never capitulates.

6. We will continue to seek a political solution. We will continue to hold talks as long as the most minor point remains unresolved. We are proving our political willingness by trying to make the dialogue progress work.

Democracy, freedom, justice!

Clandestine Indian Revolutionary Committee-General Command of the EZLN

Mexico, June 1995

[Signed] Commanders Sacho, Ramon, and David [end recording]

Third Round of Peace Talks Ends With 'Minimum Accord'

PA1106230295 Mexico City NOTIMEX in Spanish 2154 GMT 11 Jun 95

[FBIS Translated Text] San Andres Larrainzar, Chiapas State, 11 Jun (NOTIMEX) — The third round of peace talks between the government and the Chiapas armed group concluded today in this village with several results, including an agreement to resume talks on 4 July.

The other results of the conversations will be announced at 1700 (2300 GMT) by Marco Antonio Bernal, coordinator of the government negotiating commission, in the city of San Cristobal de las Casas in Chiapas.

Sources close to the negotiations told NOTIMEX that the two sides reached a minimum accord on the rules of procedure for the "Protocol for the Bases of a Dialogue and Negotiations for an Agreement of Harmony and Peace With Justice and Dignity."

The sources added the coordinators of the government and Zapatist National Liberation Army (EZLN) delegations reached a minimum accord during a meeting held last night, which was analyzed today.

The viewpoints of the two delegations will be presented and discussed at the meeting that will begin at 1000 (1600 GMT) on 4 July.

On that date, the Government Secretariat negotiators and the envoys of the Clandestine Indian Revolutionary Committee will resume their talks in the town of San Andres Larrainzar, which is "the permanent headquarters of the peace talks," in the north of Chiapas.

According to the sources, unlike the prior meeting, the EZLN will not hold consultations with its "grassroots" this time and will devote its time to analyzing the agenda and the rules of procedure for the next peace talks.

During the period from 12 June to 4 July, the National Mediation Commission (Conai) will draft a proposal to conciliate the interests of the government and the EZLN on the minimum accord regarding the detente measures that is to be discussed again in the upcoming meeting.

The third meeting, which lasted five days after it got under way on Wednesday, concluded at 1330 (1930 GMT), and the nine EZLN delegates are scheduled to leave in the early morning hours of Monday for the villages of La Realidad, La Garrucha, and Obentik.

The EZLN envoys will be transported on International Red Cross [words indistinct] and will be accompanied by representatives of the Harmony and Peace Commission of the National Congress and Conai.

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EZLN Appraises Agreements From Meeting as 'Good'

PA1206023895 Mexico City NOTIMEX in Spanish 2356 GMT 11 Jun 95

[FBIS Translated Text] San Andres Larrainzar, 11 Jun (NOTIMEX) — The Zapatist National Liberation Army (EZLN) delegation reported that the third peace meeting, which concluded today, resulted in "more advancements than in the previous meeting" and that the initial agreements reached were "good."

The nine EZLN delegates announced they would send additional proposals through the National Mediation Commission (Conai) to expedite the talks and have better results in the next meeting, which is to be held on 4 July.

At the conclusion of the third peace encounter with the Mexican Government, the representatives of the Clandestine Indian Revolutionary Committee, who were wearing ski caps, met with domestic and foreign journalists to report how they viewed the talks.

"Commander Tacho" asserted: "This is the first time we have obtained results at the negotiation table." He also reaffirmed the EZLN's willingness to reach a peace agreement with justice and dignity, but added that this required that the government have political will.

The steps given in this negotiation process are "slow, but we hope they are stable," Tacho said and added that the struggle "can be long and difficult."

The first agreement reported after the meeting was the decision to renew direct talks at 1600 GMT on 4 July. It was reported that other results would be announced later on Sunday.

The leaders of the armed group, which appeared in Chiapas in 1994, read two communiques at the conclusion of the third encounter, which started on Wednesday and lasted five days, that was held at the "dialogue's permanent seat" in San Andres Larrainzar, a community in Chiapas state.

One of the two communiques is the EZLN's reply to the government proposal on minimum security measures for the talks. The government's proposal was presented by the Harmony and Peace Commission that comprises legislators from the four political parties represented in Congress.

In the communique, the armed group applauds the initiative and states that it approves the proposal. The EZLN, however, requests that the security measures be increased and be implemented immediately.

The document asserts the nine EZLN delegates have been "provoked, threatened, and harassed," but it does not give more details on those actions.

The second communique refers to the agreement on public communiques and was read by "Commander Domingo." In it, the EZLN rejects the proposal that harmony and peace with justice and dignity be discussed first at the negotiations and later reported to the media.

"We cannot accept the gag they want to impose on us. The EZLN has always favored public dialogue," the communique indicates, and adds "we will make our words public without asking anyone for permission."

The EZLN delegates, which included "Commanders" "Trini" and "Andrea," expressed their willingness to continue the talks and reach a just peace. They also said they appreciated the presence of the members of the four security cordons with regards to the dialogue. [sentence as received]

Government Terms EZLN Accords 'Insufficient'

PA1206041395 Mexico City NOTIMEX in Spanish 0122 GMT 12 Jun 95

[By Victor Godinez, Jesus Mejia, and Enoch Hernandez]

[FBIS Translated Text] San Andres Larrainzar, Chiapas State, 11 Jun (NOTIMEX) — The third peace talks for Chiapas concluded today with minimum and partial accords on the procedural rules for the talks and the decision to resume the talks on 4 July, sources close to the meeting reported.

The press subcomission of the National Mediation Commission (Conai) and the Harmony and Peace Commission (Comcopa), which comprises legislators from different parties, announced the results of the third phase of the talks, which elicited conflicting views from the government and the armed group.

The government delegation termed as "insufficient" the minimum accords reached on the procedural rules of the "Protocol for the Bases of a Dialogue and Negotiation for an Agreement on Harmony and Peace With Justice and Dignity." The delegates of the Zapatist National Liberation Army (EZLN), however, described the accords as "major" owing to their quality and significance, but not their quantity.

The third meeting in these negotiations lasted five days at the "permanent seat of the peace talks," a remodeled installation in a basketball court located in San Andres Larrainzar, in the north of Chiapas.

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According to a general assessment of this meeting, the sides reached two accords on the procedural rules, which were partial, and on the security measures for the talks.

As for the point on the communiques to be issued by the two sides, no formal agreement was reached in writing, according to the Comcopa and Conai statement recapping the work and points reached.

Regarding the measures and follow-up on the Minimum Accord on Detente, they explained that although no agreement was reached on this point, it is still pending in negotiations.

Conai pledged to seek formulas of rapprochement between the sides on the Minimum Accord on Detente that calls for the relocation of government forces and EZLN militias and for submitting new proposals in the next round.

The sides agreed on the topics of the talks agenda and reaffirmed their willingness to continue seeking rapport [acercamientos] and a work pace that will make it possible to boost the process and respond with greater efficacy to the nation's demand to attain peace with justice and dignity in Chiapas.

The Government Secretariat, through government delegation coordinator Marco Antonio Bernal, signed the agreement on the topics. "Commander Tacho" signed on behalf of the EZLN, current Comcopa Chairman Cesar Chavez signed for this Commission, and Samuel Ruiz Garcia, bishop of the city of San Cristobal de las Casas in Chiapas, signed for Conai.

Regarding the date and agenda of the next meeting, the sides agreed to hold the fourth round on 4 July at 1000 to continue the discussion on the procedural rules and broach the new conciliatory measures of detente Conai may submit.

In the first part of the rules, regarding the general agenda, levels, results, and participants of the dialogue and the negotiations, the delegations agreed on the following points:

A) An overall detente, covering the detente measures that eliminate the likelihood of a resumption of the hostilities and lead to an accord of harmony and peace with justice and dignity.

B) Political, social, cultural, economic topics, which will cover: 1. Rights and Indian culture; 2. Welfare and development; 3. Democracy and justice.

C) Conciliation among the different sectors of Chiapas society.

D) Political and social participation by the EZLN, based on the Law for Dialogue, Reconciliation, and Honorable Peace in Chiapas.

E) The general topics of the agenda will be "broken up" by consensus by the sides.

F) The final result of the topics of a state scope will be real commitments with regard to the political, economic, social, and cultural causes of the conflict that will be undertaken by the sides and incorporated into the Harmony and Peace Accord.

G) The final result of the topics and subtopics that may yield results of a national scope will be, based on the concurrence by the sides, the drafting of joint proposals that the sides will pledge to forward to national forums of deliberation and decisionmaking and will be incorporated into the Harmony and Peace Accord.

On the matter of the security measures, the delegations approved the Comcopa proposals and agreed on the following points:

1. Security must guarantee the safety of the sides, while they are traveling back and forth and during the talks; it must cover the Conai and Comcopa members.

2. Security aims to prevent incidents or provocations that may stem [words indistinct] or unrelated to them and jeopardize the safety of the delegations.

3. The Red Cross, Conai, Comcopa, and nongovernment organizations are in charge of providing security for the delegates as they travel back and forth. The sides pledge to facilitate and guarantee the movement of the delegations to and from the seat of dialogue.

4. The Red Cross, military policy, Indian residents, and nongovernment organizations — all of them accredited and monitored by Conai and Comcopa — will provide security for the seat of the talks.

5. The security cords [cinturones de seguridad] [word indistinct] will comprise first, and preferably, the Red Cross, second, the Indian residents, third, civilian society, and fourth, an unarmed military police. Without them, no activity other than that of providing security will be conducted.

6. The security measures in the movements back and forth and in meeting sites will under no circumstances be affected by decisions that are unilateral or of any other kind.

7. The security measures will be maintained the whole time the meetings and visits last.

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8. The appropriate authorities will guarantee the security of the town where the talks are held.

9. Conai and Comcopa must guarantee the identity and activities of the persons who are inside the installations where the talks are held.

Zedillo Answers Questions on Development Plan, Zapatists

PA1006005695 Mexico City XEW Television Network in Spanish 2058 GMT 7 Jun 95

[News conference by Mexican President Ernesto Zedillo with domestic reporters at Los Pinos Presidential Palace in Mexico City — live relay]

[FBIS Translated Text] [Zedillo] Media colleagues: Moments ago, at the National Journalism Awards presentation, I said the best way of celebrating and exercising freedom of expression, from the standpoint of the Executive Branch, would be to start, beginning today, a new practice in which with certain regularity the president of the Republic will hold news conferences with our media as well as with other guest journalists. Thus, I invite your questions.

[Perez] Mr. President, I am Miguel Perez of REFORMA. Can I ask three questions?

[Zedillo] One, do not abuse freedom of expression [laughter] because there are many other journalists here. [laughter]

[Perez] It seems, Mr. President, that the national political dialogue is in jeopardy, because the PRD [Party of the Democratic Revolution] announced some weeks ago that it would withdraw from it and the PAN [National Action Party], which is now claiming electoral fraud in Yucatan State, is also threatening to withdraw. Is it in jeopardy? What would you say to the political parties to prevent them from jeopardizing this?

[Zedillo] Unfortunately, ever since the signing of a document in which the Executive Branch and the political parties committed themselves to promote a national political dialogue, there have been a number of political developments, not necessarily linked to national political problems, that have been used as an argument or excuse to delay the works of this national political dialogue.

I think that is a regrettable stand. The goals of the national political dialogue are very clear and precise. They pertain to the establishment of a new political and democratic life in our country. And should this materialize, it would solve many domestic problems that currently concern the political parties.

In this regard, I am very optimistic that through dialogue, by persisting on this dialogue, we will be able to overcome these problems and this will in turn allow us to return to the table of the national political dialogue. I think that this is necessary for the country and necessary for the political parties themselves, and it is something that the population is demanding.

[Lopez] Mr. President, I am Lopez Origa of [word indistinct]. I would like you to address the issue of Chiapas. Mr. President, you said on 5 June in Chiapas that nobody should make more mistakes. Have there been any mistakes? What are they — negotiations without time limits? Or what would be the limit? Can we live with this conflict?

[Zedillo] We want to underscore, Lopez Origa, that in my opinion, there has been substantial progress in the past months with relation to the Chiapas conflict. I wish to recall the situation experienced because of this problem during the second half of 1994, during the first days of the current administration. I want to recall that efforts made, even before assuming the presidency of the Republic, to achieve a dialogue; efforts that turned out to be unsuccessful, as it is well known. [sentence as heard] There were also unsuccessful efforts to establish that dialogue through other institutional channels of the government.

In view of this situation, I was forced to make very serious decisions, but in the end it seems, they made the difference, because after those developments in February, it was possible to start paving the way for a dialogue and negotiation process. We have already held several meetings. We met in San Miguel and we have held two meetings in San Andres Larrainzar. We are expecting a third meeting to start here today. For me, all the steps taken have been truly satisfactory.

I believe the current positions adopted regarding this conflict are substantially different today from what they were a few months ago. However, we must recognize the nature of this problem. We must meditate and accept the fact that these people — who decided not to comply with and strayed away from the legal course and, according to what they have told us, left for the jungle, the mountains of Chiapas, almost a decade ago — will now have to engage in a process of dialogue and understanding, of patience and tolerance, within the current legal framework granted by Congress. This is also an exceptional circumstance in Mexico or any other country after undergoing an incident or a situation of this sort. To this effect, I do not believe we should set up a fixed time frame or strict time limits. What we should do is maintain the spirit of dialogue and make a great effort so that we can accomplish something in

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each meeting. I hope that we will accomplish something during today's meeting.

It is also important for all parties to maintain their goodwill. The Federal Government's goodwill will certainly prevail. I hope the goodwill and the willingness to dialogue will prevail on the part of the EZLN [Zapatist National Liberation Army] and that the goodwill and impartial participation — and I want to emphasize this — by the groups we have accepted as mediators in this conflict will prevail. All parties must do their share to be able to move forward, but I will not allow that the actions of the government be pressured by time limits or schedules. What is important here is that we achieve solid results, results that will enable us to lay a durable foundation for the state of Chiapas to have the tranquility and conditions of social peace it deserves.

[Juan Urbizu] This is Juan Urbizu from EL UNIVERSAL. The effects of the current crisis are being perceived on the streets and even at the level of business and labor leaders, who speak of the difficult mission being currently undertaken and have also asked that another adjustment program be implemented with more moderate recovery measures. Is it possible to change these measures, make them [words indistinct]?

[Zedillo] I am quite aware of the concerns being stated by the people, including the organizations that represent the workers, peasants, and businessmen, regarding the great effort being undertaken to overcome the financial crisis. We have always been open to these views. However, I want to emphasize the fact, once again, that we believe the measures being adopted by the government and which the government has pertinently proposed to the sectors and to Congress itself help reduce the social cost of the crisis, they do not increase it. If we had faced the crisis with reserve, indecision and hesitation, I am absolutely convinced that at this moment, the inflation, unemployment and financial conditions would be much worse for the country.

In ordering these measures, the government is moved not only by its desire to overcome the crisis soon, but also to bring about an economic recovery very soon to later consolidate it and achieve the sustained and sustainable growth, which we have established as a goal in the National Development Plan.

It is understandable that certain sectors and persons, from their own particular perspective, are concerned over the situation. And we are sensitive to such concerns. The government's responsibility, however, is to view the overall situation, and find the actions, measures, and paths that will defeat this crisis in the fastest way possible.

In other phases, in other times it was believed that the path of gradualism was better, and the result was that gradualism lasted many years and problems remained unsolved, and the country suffered stagnation, inflation, profound backwardness, and a serious situation of social injustice. We will not allow this.

[Davalos] I am Renato Davalos of EXCELSIOR. President, I would like to know...[changes thought] much has been written in the past months about your relationship with former President Carlos Salinas de Gortari. I would like you to explain, to give details about your relationship with him, if there are any. And also, [discuss] whether your administration is conducting a penal investigation that involves him.

[Zedillo] Thank you. I have no relationship of any type with Mr. Salinas. That is my clear reply to your first question. You made two questions and you broke the rules. [laughter] As for the second part, I want to say two things: First, ever since I appointed Attorney General Antonio Lozano, I not only gave him the firmest institutional support to ensure that he will fulfill his duties, but I also told him that he was completely free to investigate any penal case as the Attorney General's Office itself considers appropriate with the sole purpose of finding the truth and doing justice.

The attorney general has not advised me, as of today, whether the investigations, which he is conducting with absolute freedom and with the full support of the president of the Republic, have any relation to the situation you mentioned.

[Limon] I am Dante Limon of [word indistinct] magazine. I would like your sincere and critical opinion on how well or bad, how much or little is what we call freedom of expression being exercised in Mexico?

[Zedillo] Well...[laughter] that question is very appropriate for today. I think that in Mexico there is full freedom of expression. We enjoy it and sometimes suffer from it daily. I think that this is very good for the country. I think that this is a basic guarantee that we Mexicans are indeed enjoying. I am very surprised when I read articles or opinions claiming that freedom of expression is limited in Mexico. I must say that this is nothing new, because ever since I was a child I have perceived, through the magazines that were brought to my household, that in Mexico there was and there is undoubtedly freedom of expression.

This is a very controversial issue. We heard in past weeks, as in other times, about the need to regulate freedom of expression. In view of such opinions, I said, I wrote in the National Development Plan, that from the Executive Branch's point of view, trying to regulate

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freedom of expression entails many more risks than possible benefits.

Some persons are correct in pointing out that there are exceptional times, fortunately, when abuses are committed, and persons are sometimes, unfortunately, slandered, but I underscore that these are exceptional times or developments. I must note that I have been the target of slanders sometimes. Not many weeks ago a magazine with national circulation slandered me and my political campaign. I think that this was a very serious incident. I must point out that I have not yet received a letter of apology for this action. I prefer tolerance of such incidents than to promote the regulation of something that, in my opinion or definition, cannot be regulated, and that is freedom.

Once we start regulating freedom of speech, I would like to know who is going to draw the line between true freedom of expression and those phenomena that are certainly inadvisable and certainly violate Article 6 of the Constitution. If we do this, we could be taking on extremely dangerous risks.

[Bandala] Mr. President, I am Marcelino Bandala from NOTIFAX.

[Zedillo] Pardon me. Where are you from?

[Bandala] The NOTIFAX agency.

[Zedillo] Very well.

[Bandala] Sir, you have spoken about unambiguous state reform. To what extent are you willing to allow the Institutional Revolutionary Party [PRI] to once again become a genuine political party? Are you going to address electoral matters only, or are you also going to address the relations between the party and the state — between the PRI and the government? Thank you.

[Zedillo] Thank you. I believe these are two different questions, but, as you suggest, they are related. We have clearly proposed reforms to strengthen our democratic reality. One fundamental element in achieving this is the creation of a vigorous party system, because a vigorous party system serves as an anchor, a fulcrum, a fundamental instrument in any democracy. A vigorous party system implies there is genuine and fair political competition.

Without a doubt, having said this, in order to conduct political reform and to achieve a vigorous party system, all parties must conduct reforms that put them in step with the conditions of political competition. Certainly, within the spectrum of the political parties in Mexico, a very important party is my party, the PRI. I believe the PRI is the first party compelled to conduct profound internal reforms. I proposed this, and I have worked for this since I was president-elect. I even headed working meetings to achieve my party's reform. We drafted a significant and ambitious agenda for the party's reform at an internal party meeting. I understand that the party is working toward the fulfillment of this agenda for the party's reform. It has a working schedule, and the main challenge the party, the PRI, must face is to create circumstances in which it can compete under much fairer conditions in this new atmosphere of honest competition for power in Mexico.

I believe this must not only be done by the PRI. All parties must make great efforts to overcome the stage of a single predominant party — a stage that is about to conclude. Without a doubt, we have yet to improve the rules to guarantee fair competition. When we achieve these reforms, we will be able to compete with great success. I hope it is a total success.

[Loma] Mr. President, I am Emilio Loma from LA JORNADA. The day before yesterday, THE NEW YORK TIMES said the Mexican and U.S. Armies are working together in Chiapas. Also, excuse me for asking a second question, Mr. President, but are the authorities willing to see through to the very end the investigation and prosecution of political crimes? Thank you.

[Zedillo] Thank you. You asked two questions, but they were short. I am unaware of such a report. I will read it with great interest, but I absolutely and categorically deny it. It is false.

As for your second question, I reiterate what has been said. The government has the constitutional responsibility of guaranteeing the preservation of justice in the cases that have hurt us, the Mexican people, just as it does in all criminal cases.

Since the beginning, I have emphatically instructed the attorney general to act unhindered to ensure justice in these and in any other cases that may arise in the exercise of his responsibilities. The last shall be the first. [laughs]

[Unidentified female reporter] Mr. President, good morning. How would you describe the government's relationship with the PAN, and how would you describe this party's position following the results of the elections in Yucatan? Thank you.

[Zedillo] The relationship between the government and the PAN has been one of reciprocal respect, I believe. It is the type of relationship we want to have with all political parties. You know for a fact that since the early days of this government we have maintained a policy of open communication with all political parties — with the legislators of all political parties — and this is the type of relationship we have had with the PAN.

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I must say, with all due respect, the PAN's position concerning the elections in Yucatan has been quite surprising. I have seen a certain abandoning of democratic traditions, which the PAN has so firmly and courageously maintained. I really hope the reasons for these problems will soon be dispelled through legal channels and in accordance with the electoral law of the state of Yucatan, because, frankly, they have led to unjustifiable claims.

Nevertheless, it will be up to the State Electoral Council to issue a decision in the Yucatan elections. It will be the one to settle any complaints from the parties that participated in these elections.

As far as I am concerned, based on timely information we obtained from polls before and during the elections, the reports we obtained on Election Day in Yucatan State, the facts we all know, and the information obtained from all political parties, the electoral process was successful and should not result in opposition politicians making regrettable remarks.

Back there, in the corner.

[Ortiz] Good day. I am Javier Ortiz of NOVEDADES newspaper. You have already described your relationship with Mr. Salinas. What can you tell us about your relationship with Mr. Camacho Solis, considering that last year there was apparently a distancing between yourself and him.

[Zedillo] Mr. Camacho has made two or three courtesy calls, during which we spoke briefly. This is the type of relationship we maintain. [reporters laugh] We have a cup of coffee together every now and then. [Zedillo laughs]

[Sobersa] I would like to go back to the same question posed by Renato. I am Victor Sobersa of Radio Ritmo. There is dissatisfaction with your predecessor among a large sector of the population. What can the federal executive say to those Mexicans who are dissatisfied with your predecessor, though not with your administration?

[Zedillo] I did not understand your question. Could you explain it to me better? [reporters laugh]

[Sobersa] You are sensitive to the people's concerns, according to what you said earlier. The current dissatisfaction is a popular clamor...

[Zedillo, interrupting] Dissatisfaction about what?

[Sobersa] I insist, not for what was done in the past six-year term, but against Carlos Salinas de Gortari himself. I do not know whether you are aware of this. What can the president of the Republic say to those Mexicans who are dissatisfied with Carlos Salinas de Gortari?

[Zedillo] That they are absolutely free to evaluate, judge, and issue their opinion on any public official or former public official. They are exercising their freedom of expression.

[Martinez] Salvador Martinez of newspaper EXCELSIOR. Mr. President, I wanted to ask you about an economic situation that is threatening development and stability — namely, the situation of the banks. It has been said that the banks are facing a very precarious economic situation and are on the verge of bankruptcy. This has had an adverse effect on the peso's recovery vis-a-vis the dollar. There is also talk about a special loan in yen from the World Bank to strengthen the banks. Is this true, and to what degree is it possible we may lose the stability we are gradually recovering?

[Zedillo] Since 1994, some banks have experienced problems in terms of the soundness of their portfolios and in attracting funds. When the crisis erupted in December, some of these problems worsened. Nevertheless, one of the tasks financial authorities undertook from the beginning was to deal with everything deemed necessary and indispensable to guarantee that banks honor their obligations to the public and those people investing in the banks. The authorities guaranteed that they would have enough capital to operate normally as financial institutions.

These circumstances did not pertain to the largest and most influential banks in the country. Luckily, this has enabled us to have adequate capacity to support the banks financially and to avoid any problems that might exacerbate the country's financial problems. In this regard, I can categorically state that our banking and financial system is clearly solvent and that we will do all we can to support that solvency.

In addition, we are seeing a great many initiatives from shareholders in the banks to procure capitalization resources to avoid additional difficulties. Last week, for instance, a national bank of great importance announced a new operation that allowed it to recapitalize with foreign investments. This was done in line with the provisions of the law that was amended by Congress in February.

[Moreno] Manuel Moreno of EL FINANCIERO. First, I thank you for beginning these periodic news conferences, on my own behalf and that of my newspaper. Thank you very much. My question is this: Following the public appearance made by Mr. Camacho Solis at the presentation of the National Development Plan, there was a great deal of speculation. He even made statements urging Mexicans to support your government. My question is simple: Have you considered the possibility of inviting Camacho to join your cabinet?

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[Zedillo] I must tell you, in all honesty, that at this time there are no vacancies in the cabinet. [reporters laugh] Therefore, I have not thought about this.

You, the short woman there.

[(Betanco]) Good morning, I am Margarita Betanco from Radio Formula. Referring to the presidential cabinet, there have been many rumors in the past few days that there will be changes. Taking advantage of the opportunity of having you here, is it true that changes will be made? Also, what are the approximate dates? Also, abusing...

[Zedillo, interrupting] No, no, enough. [laughs] Please sit down; please sit down. Whisper the last question to a fellow journalist who can ask me it. No, right now I have not thought about cabinet changes. I have read something to this effect, and I want to categorically deny this.

[Sanchez] Good afternoon, I am Fernando Sanchez Marquez from NOTIMEX. Many comments have been made concerning a point that is making officials and state secretaries uneasy, and it deals with the new responsibility the Comptroller's Office Secretariat will acquire. First, sir, these reforms imply the transfer of responsibility for higher accounting to the Finance Secretariat, and, as you have already mentioned, supervision will be broadened to include the executive and legislative branches. Many thanks, sir, you are very kind.

[Zedillo] Very well. Thank you. Regarding this point, what I have made very clear is that the executive branch's current means of control are inadequate. Proof of this is that failures and improper acts continue, and corruption persists in certain cases within the public administration. For this reason, we have advocated a reform that modifies the way the federal executive branch is supervised. We have not issued a conclusive or definitive opinion about this, because on this topic it is very important that we listen to all points of view, including those from members of the legislative branch, and we are even studying models that have been applied successfully along these lines in other countries.

The National Development Plan is basically what I have just described. We are not only willing, but we also desire a new way for verification within the executive branch. The plan simply outlines a series of ideas to guide this debate, this analysis.

Simply put, there could be two models. One model would be to virtually grant the Finance Secretariat exclusive higher accounting power. Of course, this does not mean the government will have no internal control mechanisms. The president and high-ranking officials always need such mechanisms to be certain that second and third tier officials do not commit improper acts. The other model would be similar to what is currently being used in France — a higher supervisory organ. It has the advantage of not being politicized and would also supervise the legislative branch. But this is something that is open to discussion, analysis, and debate.

[Trejo] I am Ricardo Trejo, a reporter for ENFOQUE in [words indistinct]. My question is this, sir: There is no conformity among certain sectors of the population regarding price increases for products, as well as services, along with the fact that there is a great deal of unemployment. Mr. President, do the authorities not fear widespread social upheaval because of this situation? Thank you.

[Zedillo] We are doing everything possible to rapidly overcome this economic emergency. We know that it has created, as you have mentioned, serious inflation and unemployment, and therefore there is an urgent need to apply these measures with discipline and in a very dynamic manner, which will allow us to overcome the emergency and recover. On this point, it is very important to clarify something: There is frequent talk of the social costs of the adjustment program. Well, I do not agree with this contention. There are social costs that have been brought on by the crisis. When the crisis erupted; when the balance of payments crisis fell upon us; when we experienced the massive flight of foreign capital, capital that had come to Mexico and was withdrawn from the country; and when faced with the devaluation and the inevitable contraction of short-term credit in the economy — all of this demanded an adjustment program. But, remember, the costs came from the crisis, from the factors that caused the crisis in the first place, not from the adjustment program.

What the government has tried and will continue to try to do is to apply the adjustment program, which, from our point of view, minimizes the social costs engendered by the crisis and will allow us to emerge from the crisis faster. We also have tried, within the limits we face, various programs to lessen and reduce these great difficulties brought on by the crisis, even though we know it cannot be corrected in the short-term. We have introduced emergency programs for employment, special regional expenditure programs, and some popular assistance programs. Every day we are studying, in accordance with our means, additional actions that might be carried out in order that, without harming the viability of the adjustment program, which is what is going to rescue us from this situation, we can improve the employment situation and ease the inflationary impact of the crisis.

[Unidentified reporter] [words indistinct]

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[Zedillo] Hey, what is going on here? [laughs] The lady's turn, my friend. Ladies first.

[Tejeda] I am Alejandra Tejeda, from cable television. I would like to know your opinion, or better yet, your assessment of the performance of the legislative branch so far and criticisms by the opposition that it is legislating too fast. Thank you.

[Zedillo] Well, this is an issue that definitely pertains exclusively to the legislative branch. Nevertheless, let me tell you that in terms of many of the issues the executive branch has turned over to the legislative branch, we have found that all of the political parties have actively participated in debating these issues. It is true that some of the issues have been resolved mainly because of the majority vote. Nevertheless, a great many of the issues have been actively debated and voted on by all parties. Some have even received support from other political parties.

[Garcia] Jose Garcia Segura from EL DIA newspaper. How far have the enquiries into the political murders advanced, and how far will they go? In addition, are there any suspicions with respect to links between Manuel Camacho Solis with the EZLN and former President Carlos Salinas de Gortari?

[Zedillo] Well, look, the investigation must go as far as necessary to accomplish two goals — for everyone to know the truth, and to ensure justice. The attorney general of the republic is perfectly aware of this, and he should not be facing any constraints or limitations in his efforts to carry out his investigations. Since 1 December that has been the order, and this will continue to be the order as long as necessary. With respect to your second question, I have no information that can support your statements. Hilario?

[Monroy] Hilario Monroy from UNOMASUNO newspaper. Mr. President, continuing with the same question, if there are no restrictions in terms of inquiries into the political murders, could it possibly reach all the way up to Mr. Jose Cordoba Montoya? It is being said that he should also be investigated.

[Zedillo] As far as I am concerned, what is important to me is what the attorney general has to say. He is the constitutional official responsible for the investigation. I reiterate, he is under no restrictions related to the manner in which he conducts the investigation. This is perfectly clear. At no time whatsoever have there been any constraints, insinuations, or requests from the president of the republic or any government official for him to impose any self-restrictions on the investigation. In this respect, you are free to question him, the attorney general himself. Moreover, I must say I am very satisfied with the manner in which he has conducted the investigation thus far.

[Unidentified reporter] Repeating the question, could this lead us at any particular time to...

[Zedillo, interrupting] Look, I want to say very clearly that I do not like to enter into assumptions. I can only stipulate that at all times the government is going to obey the law, and that the attorney general is not confronting any restrictions. We are seeking two objectives — namely, truth and to ensure justice. It is not up to the executive branch to apply justice. This is up to the judicial system. I want to be absolutely clear about this issue. There are no untouchables in Mexico.

[Ruiz Hill] Eduardo Ruiz Hill from Radio Formula and Univision. This event is sort of like running a risk [words indistinct]. For many years numerous countries have debated the importance or unimportance of this type of news conference, because some say that it tends to damage the president's image. On the other hand, others say it is the best means for the president to be in permanent contact with the people. Why your decision? Will the news conferences continue when the issues become more irritating, because it is precisely at such times when presidents tend to seclude themselves more?

[Zedillo] My friend Ruiz Hill, I do hope that times do not become more difficult than they currently are. [reporters laugh] Please do not bring us any bad luck. I would like to reiterate that with this meeting we will be able to establish a tradition I sincerely believe tends to strengthen the people's right to scrutinize the government.

Sometimes things may not turn out as we would like them to. It happens to you as well as to me, but we can learn from one another, and hopefully we can give our best efforts so that this experience can become a solid tradition of our political life, as well as assist your continuation as journalists.

[Unidentified reporter] [Words indistinct]

[Zedillo] You jumped your turn, but I will answer your questions anyway. [laughs] Of course, Mr. Cardenas, I have already asked them. You may have even noticed that over the past few days, on the occasion of the announcement of the National Development Plan, I asked my advisers to be available for interviews, commentaries, and news conferences. I understand that several cabinet members have already been interviewed within the past few days.

[Ramirez] [first name indistinct] Ramirez from EL NACIONAL newspaper. Mr. President, is there any

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intention to reform the current Labor Law during the current year, and if so, what would be the goal?

[Zedillo] Look, over the past few days I have heard people expressing concern because of what they tend to describe as a government proposal to reform the Federal Labor Law. As a matter of fact, the media today underscored the issue, and some statements by the Labor Congress. I want to be clear about this issue. What the National Development Plan stipulates on this issue is this:

1. The country needs to encourage more employment. Every year the economically active population tends to increase by nearly 1 million workers.

2. Conditions in our labor market, or better yet, the manner in which it operates, prevents us from taking in as many workers as we would like. Moreover, there are obstacles deterring any possible increase in productivity, and, in the same way, blocking real wages from increasing. Therefore, the National Development Plan calls on all interested parties to open a genuine, open dialogue with respect to how the labor market operates, labor justice, and all other aspects that may influence the labor force, productivity, and real wages. We have even outlined the fact that whatever evaluation is undertaken, it must be of a tripartite nature.

In addition, as I have done ever since I was a candidate for the Presidency of the Republic, we have established the principle that any changes should benefit the country's working class. This is all the government has said, and I do not believe it should be criticized simply for asking that these issues be discussed more thoroughly. We are truly convinced that such a discussion must take place, whether or not it derives from tripartite proposals. At this time, it would be somewhat premature to recommend any reforms to the Federal Labor Law.

[Zedillo whispers] No, ladies first. Later.

[Avila] Good afternoon, I am Lenica Avila from Radio Educacion. I would like to ask a question regarding domestic savings, which has become a sort the backbone of your economic program to achieve economic growth. Nevertheless, despite all of the fiscal reforms to encourage public savings, the population is still unaware of how it can contribute to increasing domestic savings in light of growing unemployment, poverty, and even the internal indebtedness we are confronting. Thank you.

[Zedillo] If we want our economy to grow we need investments. In other words, we need to earmark a portion of the country's resources to improve factories, infrastructure, and other installations. However, this also entails that in order to have investments, we also need savings.

Now, savings must come from the public sector, as well as from the private sector. In the past, the public sector had no savings, and this has led to a crisis, even with the private sector having its respective savings. At other times, the public sector did have savings, such as during the past six years, but, at the same time, private sector savings declined drastically. That led us to the financial crisis we are confronting today.

No country has developed or progressed if it has not promoted savings and investments as part of its national goals. In this respect, if we want to develop, if we want to have sufficient resources with which to undertake a much more ambitious social program — one that creates social conditions that lead to justice and legality, as well as to democracy — then our national objective must be growth, savings, and investments. I believe that it will not be difficult for the Mexican economy to recover. We will recover in 1996 insofar as we are able to control the more abrupt and negative aspects of the crisis.

The real challenge will be to ensure that this growth is sustainable and that it lasts for several years. By virtue of this, the additional savings efforts that will be requested from the population will take place at a time when the economy is recovering. What we want is that, when the recovery finally arrives, not to be overly optimistic, or to start throwing overboard all of the efforts we have made to combat the crisis. What we are seeking is that, once the recovery takes place, all of us reaffirm the national goal to have a growing economy, and beginning with a wide-ranging social consensus, we should all agree on the necessary actions to maintain, and increase savings as well as national investments.

[Unidentified reporter] [Words indistinct]

[Zedillo] There have been three LA JORNADA reporters so far. All of them have asked a question.

[Garcia] No, I am on my own. I am Elena Garcia.

[Zedillo] Go ahead, you are a special reporter. Yes.

[Garcia] Thank you, sir. A report published today implies you will meet with Porfirio Munoz Ledo. We would like to know whether this is true, the purpose behind such a meeting, and your opinion about the PRD's decision to abandon the Government Secretariat's negotiations.

[Zedillo] I have no meeting scheduled with Doctor Munoz Ledo as of now, but whenever it is necessary, and depending on the terms for the meeting, we will gladly hold such a meeting. I must honestly tell you I was not aware of such a report.

[Cruz] Mr. President, I only... [pauses] I am Armando Cruz of EL DIARIO DE MONTERREY. I only wanted

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to ask you: How large is Mexico's foreign debt right now? Is the debt manageable amid the country's economic crisis and shortage of resources? Thank you.

[Zedillo] Look, I do not know the exact figure, because I cannot have all of the exact figures in my head. I can tell you — I should tell you that I have reviewed this in recent days — that, fortunately, this year we have been able to reduce obligations denominated in foreign currency, both in the Mexican public and private sector. Let me give you two or three figures that corroborate that statement. For example, the balance in tesobonos [treasury bonds], which are liabilities denominated in foreign currency and are mostly in foreign hands, was $29 billion at the end of 1994. The amount is close to $11 billion today, meaning there has been a reduction of nearly $18 billion in these instruments alone.

I also remember information on Mexican bank liabilities, meaning the country's commercial bank liabilities, denominated in foreign currency. During the first quarter of 1995, they were reduced by approximately $2.3 billion. Likewise, the liabilities of Mexican companies denominated in foreign currency were reduced by approximately $1.4 billion. Presidential Office chief Luis Tellez is here. Tellez, do you remember? About $1.4 billion during the first quarter of this year. This means the reduction in liabilities has been greater than the contracting of new credits. Regarding this, the country's foreign debt — the debt denominated in foreign currency — has been reduced in the first months of this year.

This has been part of the adjustment process. In addition, we must bear in mind that the domestic debt has also been reduced. It is curious that... [pauses] for those of us who have worked with this adjustment program.... [pauses] this is one of the results we will have at the end of the process — in other words, a less indebted public and private sector. This will be the basis for our recovery.

That section has already gotten to ask questions. [laughs] We will get back to you later.

[Torres] My name is Miguel Angel Torres. I come from Tijuana, Baja California and represent the newspaper LA TARDE. I would like to ask you this: The state and municipal authorities' eternal excuse is that federal funds are never enough to carry out projects. I would like to know what strategy your administration will follow for this six-year period to grant federal funds to the states that are suffering shortages. Thank you.

[Zedillo] Look, we have proposed, and I have reasserted this in the National Development Plan, the creation of a new federalism. This means there must be better distribution of resources and, I stress this, the responsibilities between the three levels of government. The plan, the proposal, if it results in a political agreement first and government actions later, should allow us to draw up a new federal pact in which obligations assumed by the federal government today, together with the resources used by the federal government to fulfill those obligations, are transferred to other levels of government.

I want to particularly emphasize that there are two sides to this issue, because I frequently hear complaints from authorities in other levels of government. They simply say: We want more resources. This is very important, and it is valid, but this is not everything. Resources also entail responsibilities, because the resources the federal government has nowadays are mostly destined to fulfill urgent social needs. The federal government cannot allocate resources under its administration without some thought to responsibilities, or else what would happen? How could we pay educational expenses? How could we pay health expenses? How could we pay for our national security and the management of our justice expenses? We must undertake a balanced and fair review of this issue, but we fully agree that this redistribution of resources must take place. Nevertheless, this also entails the distribution of responsibilities to other government levels.

I have not finished with those in the back. Mr. Ortega.

[Ortega] Guillermo Ortega of Televisa. Sir, I would like to ask you about an activity that has become a daily occurrence in the capital of the Republic and affects the lives and daily business of hundreds of thousands of people — people who are already overwhelmed by the situation we all face. I am talking about barricades — the blocking of streets and the areas surrounding government offices. A few days ago, access to this presidential residence was obstructed in what I believe was clearly a provocation, and this is not to mention the way it inconvenienced thousands of people for hours on end. The question is this: How much longer will this be allowed under the pretext of exercising a right — the right to participate in a demonstration — if it affects the rights of others, or the rights of the majority, which cannot freely move around in our capital?

[Zedillo] Well, this is a very important issue, but this is an issue on which, unfortunately, our legal framework presents some flaws and lack of accuracy. Right now, if we abide by current laws, those people who participate in a demonstration have every right to do so, and current laws do not protect the rights of third parties affected by these blockades or demonstrations. Only in extreme cases, very extreme cases, the authorities occasionally adopt the decision to prevent or undo these blockades.

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I believe this is an issue that demands a debate or legislation. There have been several failed attempts, both at the National Congress and the Assembly of Representatives, but I believe it always comes down to the dilemma of how to regulate, or constrain, this aspect of freedom of expression. Meanwhile, and as long as this legal framework prevails, the government will continue to respect the freedom of expression, and it will adopt the necessary measures only in extreme cases in which the rights of third parties are hindered to alarming and worrisome degrees.

[Flores] Daniel Flores Meneses of Televisa, sir. You will begin a visit to Central America — specifically, to Guatemala. The Guatemalans... [pauses] the Guatemalan Government is requesting equal treatment for its illegal aliens in Mexico, just as you have requested for illegal Mexican aliens in the United States. Can you talk about this?

[Zedillo] They have every right to do so. I said this in my visit as president-elect to Guatemala. We accept this demand. Our Guatemalan brothers are right to complain about the arbitrary actions, abuse, human rights violations, and acts of corruption from which they have suffered — not always, but on some occasions — in the hands of Mexican authorities. One of the reasons for this trip is precisely to reaffirm this viewpoint and to support it with acts of cooperation and collaboration between the two countries in order that we may eradicate actions that shame the Mexican people so much.

[Flores] What about the United States?

[Zedillo] No, only one question. Who else? The final question.

[Banegas] [First name indistinct] Banegas of XEX. I would like to ask you something, sir. You have just talked about the additional savings that will be requested from the Mexican people. I would like you to explain how these additional savings will be requested, above all because most people have no ability to save.

[Zedillo] Look, specialized forums and the appropriate sectors will discuss and draft measures to achieve the highest amount of national savings possible. In the plan we said it was necessary to enforce tax reforms, financial reforms, and reforms to our social security sector. The plan establishes some views and some principles for this purpose. I repeat, other sectors and other forums will have to draft agreements on this goal.

Nevertheless, I would like, if it is all right with you, to argue against the claim that Mexicans do not save either in times of crisis or in normal times. This is not true. Curiously, the ones who save the most are the ones with the fewest resources. If you visit — as I am sure you frequently do — various places in which the poorest people live, at least in urban areas, you will see a clear effort to save is being made by the people. These people sometimes destine up to half of their income to accumulate capital to purchase a house. That is nothing other than saving. It is a fact that our tax system, our financial system, does not have adequate mechanisms to better collect these savings, to make them yield more, or to use them better. The idea that people do not save because their income is too low is wrong. Occasionally, the rate of savings among people with the lowest income is higher than the rate of savings among the rich. Therefore, we must be aware of this in the reforms that will be sponsored in the near future. Thank you.

[Unidentified speaker] Thank you, sir.

Foreign Banks Hold 26 Percent of Banking System Profits

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[Report by Marcos Chavez M.]

[FBIS Translated Text] Even though their presence in the country is still limited, the seven foreign banks that presented balance statements at the close of the first quarter of 1995 yielded an overall profit of 545 million new pesos [N$], which is equivalent to 26.5 percent of the total profits of the national banking sector, according to the National Banking and Securities Commission (CNBV).

Undoubtedly, the financial institutions with the strongest showings were Citibank, the foreign bank with the longest tenure in Mexico, and Spain's Banco de Santander, which has been in the domestic market for less than a year. The net profits of these TWO banks totaled N$194.1 million and N$280.8 million, respectively — 9.4 percent and 13.7 percent of the banking system's total. The remainder was distributed among Chemical Bank, J.P. Morgan, Chase Manhattan, Fuji, and the Bank of Tokyo.

The profits of foreign banks contrast those of domestic banks, considering the fact that seven domestic banks accumulated losses in the first three months of the year and are witnessing a serious deterioration in their assets and increased liabilities. The profits of Citibank and Banco Santander were higher than those of the Internacional, Promex, Mercantil del Norte, Banoro, and Bancrecer.

It should be pointed out that, with the exception of Citibank, Banco Santander, and the Bank of Tokyo, apparently other foreign banks obtained their first prof-

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its through operations involving financial instruments, given the fact that their existing securities portfolios did not report any transactions.

Their financial indicators (profits, capital, and profitability margins) are better than average, although it is too early to predict whether this situation will hold.

Despite their profits, the share of foreign banks in Mexico is modest, although it is likely to increase with relative ease. Their overall assets equal N$15.177 billion — 1.72 percent of the system's total. Citibank holds 68 percent of the assets of all foreign banks (greater than the assets of the Obrero and Banorie); Banco Santander holds 13.6 percent; and J.P. Morgan holds 8.4 percent. These banks have more assets than Interestatal, Mifel, Regio, Baco del Bajio, Quadrum, and Fimsa.

The relative proportion of foreign banks' assets will grow to approximately 5 percent after the conversion of Mercantil-Probursa into a branch of Bilbao Vizcaya. Jose Madariaga, one of the owners of Probursa, holds the dubious distinction of being the first in a number of situations: in participating in the reprivatization; in suffering the crises of ajustabonos [adjustment bonds] and tesobonos [treasury bonds]; in losing his bank; and in becoming an employee of foreign investors.

Foreign banks will control nearly 10 percent of the assets of all banks when at least two other Mexican banks join the process of multinationalization of the domestic financial system, which is being conducted to help curb problems related to overdue portfolios, capitalization, and institutional deterioration that could sink domestic banks into bankruptcy.

The process of creating partnerships precipitated by the December crisis and the foreign financial opening under NAFTA will continue into the year 2000.

The participation of foreign financial institutions in the existing credit portfolio is insignificant: 0.69 percent of the total, 92.5 percent of which corresponds to Citibank. The loans granted by Citibank are concentrated in four areas — namely, the food, machinery, equipment, and service industries — with some commercial loans. Banco Santander earmarks its resources for signature loans [prestamos quirografarios]. Other foreign banks do not register loans, and therefore their profits come from financial transactions earmarked for accounting purposes in the operating securities portfolio.

This partly explains, along with their brief presence in Mexico, why the overdue portfolios of these banks are distributed among Citibank and Banco Santander. However, their reserves and overdue portfolios and capitalization indexes, together with those of other foreign banks, maintain a healthy situation.

Foreign Banks in Mexico (Millions of N$) [all figures as published]

	National Total	Foreign Banks Total	For Banks/National Bank Sys (%)	Citibank	Santander
Total Assets	882573.9	15176.5	1.72	10259.3	2058.6
Operat Sec P	175147.9	6230.5	3.63	4247.4	1170.4
Current Port	470589.8	322.6	0.69	2984.3	191.0
Overdue Port	57786.7	57.5	0.10	57.3	0.2
Accounting P	51117.4	2755.6	5.39	1237.6	703.2
Net Profits	2057.0	545.0	26.49	194.1	280.8
Profit Marg (%)	2.54			17.02	73.37
Capit Ind (%)	0.00			25.07	187.82
Delinq Ind (%)	9.58			1.88	0.11
Branches	4848	16.0	0.33	6	7
Employees	133215	1078.0	0.81	1007	6
Total Accounts	13325829	36254.0	0.27	35326	928
	Chemical Bank	JP Morgan	Chase Manhattan	Fuji Bank	Bank of Tokyo

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	National Total	Foreign Banks Total	For Banks/National Bank Sys (%)	Citibank	Santander
Total Assets	185.5	1270.2	599.5	156.8	646.6
Operat Sec P	148.4	356.0	98.0	141.8	68.5
Current Port	0.0	0.0	0.0	0.0	50.7
Overdue Port	0.0	0.0	0.0	0.0	0.0
Accounting P	184.5	375.5	100.4	85.9	68.5
Net Profits	17.5	33.5	17.3	0.9	0.9
Profit Marg (%)	72.82	41.58	60.58	100.00	18.50
Capit Ind (%)	340.50	179.20	71.57	6047.25	141.2
Delinq Ind (%)	0.00	0.00	0.00	0.00	0.00
Branches	1	unavail	1	1	unavail
Employees	39	unavail	12	14	unavail

* 37 banks unavailable

Source: CNBV

Exporters Criticize Government Substitution Program

PA1006032895 Mexico City EL FINANCIERO in Spanish 7 Jun 95 p 22

[Report by Georgina Tristan]

[FBIS Translated Excerpt] The National Foreign Trade Council (Conacex) and the National Association of Importers and Exporters (ANIERM) have warned that, following the devaluation, the government's import substitution program has proven ineffective because the country's industrial sector is unable to replace international suppliers in terms of quality, price, and timeliness.

Both organizations explained that most of the large corporations are currently facing liquidity problems, and getting them to try to serve as foreign trade suppliers will not help them recover their investments. In addition, financing conditions under Bancomext [National Foreign Trade Bank of Mexico] and Nafin [National Finance Bank] are in no way advantageous.

Conacex pointed out that microbusinesses and small and medium-sized companies are willing to take part in the import substitution program as long as incentives and specific guidelines are provided to encourage their participation in the productive network that has been disrupted by the commercial opening.

Nevertheless, Conacex contends there are still too many obstacles that must be overcome, such as limited financing, excessive interest rates, insufficient fiscal incentives, deregulation, and red tape.

In this respect, Conacex adds, the modifications introduced to Temporary Import Program for Export (Pitex) and Foreign Trade Companies (Ecex) policies, both of which include benefits such as not having to pay the VAT [value-added tax], represent a step in the right direction.

At the same time, ANIERM points out that if Mexico's production is to fit successfully into the world economy, then its trade policies must be modernized, especially those related to regulatory guidelines aimed at encouraging the country's exporting potential.

In this context, it is imperative to support microbusinesses and small and medium-sized companies to incorporate them into the export productive system by grouping them into productive units within a framework that provides them with adequate management, strategy, marketing, and financial support.

ANIERM said the work of marketing houses must be consolidated to enable them to sell products abroad without obstacles and at the most suitable price.

Right now, 98 percent of the enterprises in Mexico are microbusinesses and small and medium-sized enterprises, and these employ 50 percent of the country's economically active population.

Microbusinesses do not coordinate their work adequately enough to form groups. Because of this, and

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because of the uncertainty existing on the national and international markets, 60 percent of these enterprises have been unreceptive to ANIERM proposals, and this is why the creation of export networks has been suggested.

ANIERM said that through this strategy it could guarantee a safe and expanding market to small and medium-sized suppliers and reduce the period for acquiring the expertise necessary to actually take part in the export market. ANIERM believes microbusinesses and small and medium-sized companies are still facing too many obstacles to be able to join production networks, and this is why operations are concentrated in the hands of a few enterprises. [passage omitted]

Agriculture Council Announces New Financial Program

PA0906173295 Mexico City LA JORNADA in Spanish 7 Jun 95 p 47

[Report by Jesus Moreno Durazo and Matilde Perez]

[FBIS Translated Text] Hermosillo, Sonora, 6 Jun — Jorge Mazon Rubio, president of the National Agriculture Council [Consejo Nacional Agropecuario — CNA], announced that this month a new bank program will come into effect to deal with expired portfolios in the agriculture sector, a program more flexible than the Investment Units (UDI).

He said that the new scheme, called Liquidity Problem — which will include 55 billion new pesos [N$] in credits granted nationally — offers a 20 percent interest rate on capital. The difference lies in that the real single rate will be distributed among the credit's term.

Mazon Rubio explained that the flexibility of the Liquidity Program is that the farmer, after joining the scheme for a year, can change his system of repayment at his convenience. In other words, he can switch to Cetes [Treasury Certificates] if interest rates drop rather than follow a rate set by inflation.

The CNA president said that work is already under way on certain points with the banking and the FIRA [Trust Institute for Agriculture] legal departments to fine-tune the start-up of the new financial scheme. He stressed that FIRA (development banking) adjustments are made because a major percentage of what has been assigned will be through that institution.

Of the N$55 billion granted to the agricultural sector, he said, approximately N$33 billion were authorized through FIRA.

Ruben Solis Medina, state manager of the National Rural Credit Bank (Banrural), announced that $17 million [monetary figure published] was set aside for cotton equipment. This is the first time that such a scheme is applied since the institute was created.

Solis Medina explained that Banrural set up 25,000 hectares of the 65,000 hectares scheduled to be sowed this season. He added that payments for this credit must be in dollars and should be made in such currency plus 20 percent interest, as agreed between the institution and the farmers.

Banrural Manager Solis Medina denied that the system (credit in dollars) would hurt profit margins, because the creditors are farmers who hold insurance on their export market crops, which are also paid in dollars.

CNA Demanded a Comprehensive Rural Development Policy

The CNA demanded a comprehensive rural development policy that should include the farming and forestry sectors, as "they are capable of showing significant production potentials, but cannot solve rural poverty on their own."

The council — which gathers exporting farmers with high production levels — stressed that government action must be more extensive in order to promote development in the production sector. "It is our view that the farming sector must reach market economy levels, capable of competing internationally under basic profitability and capitalization conditions, and in a way that does not affect the trade balance."

Farmers should have a business, production, and marketing background in order to carry out risk management strategies, in addition to being environmentally aware.

The CNA believes it is essential to create some type of agreement and cooperation platform on which producers can work jointly with the authorities. In that context, it suggested using [the Program of Direct Support to the Countryside] Procampo as a means of equaling local support conditions to those offered to U.S. and Canadian farmers. In addition, the CNA asked for the program to be guaranteed for 15 years and not be subjected to the annual budget approval process at the National Congress.

It added that a long-term solution is needed to improve the farmers' profit and capitalization margins in those areas where crop conversion is not viable. Otherwise, "the very high political and social risk will continue."

The changes that the CNA is proposing for the marketing process are: Agricultural market support and services should give the producers' organizations priority

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in placing produce on the market; establishment of an effective market information gathering and distribution system; implementation of a financial system capable of promoting the sale of Mexican crops; and promotion of a futures market operating on a completely private system, thus allowing it to contribute to truly honest price structures.

For perishable produce, the CNA suggested the creation of "marketing standards," to include quality and promotion standards and warehouses at central regional supply markets.

Chamber Reports Closure of 2,000 Businesses in 1995

PA1006012795 Mexico City LA JORNADA in Spanish 7 Jun 95 pp 60, 48

[Report by Patricia Munoz Rios]

[FBIS Translated Excerpt] At a news conference, Salvador Lopez Negrete, president of the Mexican National Chamber of Commerce [Canaco], has announced that approximately 2,000 private businesses have shut down so far this year, adding that some 2,000 more are close to shutting down because of the drastic drop in domestic demand. Lopez said it is unfair for the government to report a fiscal surplus while thousands of enterprises are going bankrupt or nearing bankruptcy, and while the productive sector in general is suffering from the effects of the crisis. He said both tax rates and the way in which taxes are applied should be revised.

A great deal of wealth is being transferred from private citizens to the public sector via taxes. This is happening at a time when the public sector should be busy stimulating production and discouraging anything that might restrain the economy, especially in light of the fact that the economic recovery is nowhere in sight in the near future, and, therefore, demand, which is at its lowest in the past five years, cannot be expected to be reactivated before 1996. Moreover, consumers are so "encumbered" by debts that they will not increase spending before next year.

Lopez said there are no figures concerning those enterprises that are about to stop paying their debts, because "people do not usually announce that their business is about to declare bankruptcy." The number of bankruptcies has been confirmed, however. So far this year, the overall number of Canaco member enterprises has been reduced by 2,000. This is the number of businesses that have shut down.

This is why the businessmen themselves are the most interested in amending the Bankruptcy Law. They say that certain changes should be introduced to enable enterprises to be restructured before being forced to shut down. The most important thing to do, however, if we truly want to stimulate the creation of jobs, is to change fiscal policy, most of all by eliminating certain taxes, such as the one on corporate assets, which restricts national savings, as well as the payroll tax.

Lopez said another good idea would be to consolidate everything employers and workers contribute to social security. An important factor would be to lower personal income taxes directly rather than through the so-called fiscal compensations, whose calculations are so complex that they are never made adequately. All of this will be discussed by the Fiscal Advisory Council. [passage omitted]

Bankers Association Reports Statistics on UDI Refinancing

PA1106143595 Mexico City EL FINANCIERO in Spanish 8 Jun 95 p 6

[Report by Alicia Salgado]

[FBIS Translated Text] Sources at the Mexican Association of Bankers [ABM] have reported that credits worth approximately 8 billion new pesos [N$] have been refinanced in Investment Units (UDI's). The same sources also reported that by late May, Banamex [National Bank of Mexico] had rescheduled slightly more than N$1.5 billion and that last week Serfin notified the Bank of Mexico of its first rescheduled credits.

These two institutions have been assigned N$41.108 billion to refinance business credits of less that N$400,000 in UDI's. The former amount represents 49 percent of the total amount authorized for the program supporting the production plant.

These institution have reported substantial progress in the refinancing of documented credit portfolios in options other than UDI's. Banamex exceeded N$1.6 billion, Bancomer [Foreign Trade Bank] reported that it rescheduled N$1 billion, and Serfin reported N$3 billion in reschedules.

In 1994, Serfin rescheduled 12,000 debts amounting to N$5 billion, and from January to May 1995, it reported 6,000 cases of rescheduled credits in options other than UDI's amounting to more than N$3 billion.

By 19 May, the balance of the expired portfolios of credit institutions, according to the interbanking system, totalled N$94.758 billion. Thus the amount refinanced in UDI's barely represents 7.44 percent of the expired credits.

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According to the ABM, the rescheduling of credit portfolios substantially increased in May following a drop of approximately 40 percentage points in interest rates as compared to March and April, which has allowed a gradual "match" with banking credits.

They stated that the number of rescheduled credit portfolios in arrears is expected to substantially increase in June because so far the amount of N$8 billion refinanced in UDI's represents 10 percent of the amount authorized.

They explained, however, that this amount "fails to reflect the increase in the number of requests and processes to select the cases that will be rescheduled under the inflationary protection alternative."

Sources at the Finance Secretariat and the ABM said that by late June, the trusts that will allow "the reduction of the balance" of rescheduled credits are expected to begin establishing themselves.

Credit Portfolio Development *

	Total Portfolios	Expired Portfolios	Unsecured Commericial Credits	Real Estate Credits	Consumer Credits
Banamex	103.637	12.238	35.493	28.501	10.173
Bancomer	97.128	10.385	29.023	27.777	7.885
Serfin	69.441	11.881	14.390	13.101	4.608

* Figures in billions of N$

Source: CNBV [National Banking and Securities Commission]

Statistical Bulletins, March 1995.

Government To Retain Control of Telecommunications

PA1106042895 Mexico City EL FINANCIERO in Spanish 8 Jun 95 p 10

[Report by Jaime Hernandez]

[FBIS Translated Text] The Federal Telecommunications Law, which went into effect today after being published in the federal DIARIO OFICIAL, stipulates the state will continue to control telecommunications for national security reasons, as well as to protect sovereignty, the airwaves, and the orbital positions assigned to the country.

According to the new law, foreign participation in concessions shall not exceed 49 percent, with the exception of cellular telephones, for which confirmation from the National Commission for Foreign Investment will be required.

As for the radio spectrum, the federal government will receive monetary compensation in exchange for concessions. Concessions for public telecommunications networks will be granted for 30 years and can be extended for an equal length of time. Private networks, however, shall not require a concession, license, or registration to operate.

Concessions for satellite communications will be granted through public bids. In addition, Telecommunications of Mexico will operate satellite communications services and public networks.

The law also says concessionaires can start to offer basic public long-distance telephone services no earlier than 10 August 1996.

The concessionaires of public telecommunications networks already in operation can begin negotiations on interconnecting their public networks on 1 September 1995. In addition, these concessionaires must keep separate accounting records according to services and apply nonaggregate rates starting on 1 January 1996.

Those public telecommunications concessionaires who, according to this law, have signed interconnection agreements with public networks concessionaires and want to offer telephone local and international long-

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distance telephone services can start to operate such interconnections on 1 January 1997. For this, Communications and Transport Secretariat [SCT] guidelines established in the "Resolution on the Long-Distance Public Network Interconnection Plan" published in the DIARIO OFICIAL on 1 July 1994 should be followed.

Finally, the law stipulates that, beginning no later than 10 August 1996, the executive will create an agency independent from the SCT — one that is technically and operationally autonomous — which will have the necessary organization and authority to control and stimulate the efficient development of telecommunications.

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El Salvador

Defense Minister Denies Coup Plans

PA1006155895 San Salvador Canal Dos Television in Spanish 1900 GMT 9 Jun 95

[Report by Antonio Alvarado from the "Teletwo" newscast; passages within quotation marks recorded]

[FBIS Translated Text] [Alvarado] Defense Minister General Humberto Corado has categorically denied that the armed institution is planning a coup d'etat. He denied any possibility of disobedience among Army ranks.

[Corado] "I can categorically tell you, on behalf of the armed institution, that we are definitely not thinking of breaking the country's constitutional order, because that would be the worst thing that could happen to El Salvador after 12 years of internal conflicts. I believe whoever is thinking of resolving problems with a coup d'etat is a bad Salvadoran citizen and a person who is only trying to further his own private interests."

[Alvarado] However, the military chief did not deny that several Army members disagree with the government's policies.

[Corado] "Any officer who would take such a stand, if this is true and I doubt it, would, simply speaking, be going against the law."

[Alvarado] The officer said negative reactions are part of democracy, but they do not mean that the country's stability is in danger.

[Corado] "Those are situations that arise in all democratic countries where there is so much freedom that it is possible for groups of different leanings to manifest their positions. However, I repeat, the important thing is that they do so in a peaceful manner."

[Alvarado] The minister reiterated the Army's obedience to the political branch and said the armed institution will remain at the margin of the government's economic policies.

Opposition Decries Tactics Used To Approve VAT Increase

PA1106004195 San Salvador LA PRENSA GRAFICA in Spanish 8 Jun 95 p 3A

[Report by Bernardo Valiente]

[FBIS Translated Text] Facing disdain and accusations because of the way in which they dispensed with standard procedures, ARENA [Nationalist Republican Alliance] and the PD [Democratic Party] last night approved increasing the VAT [value-added tax] to 13 percent as of 1 July. Meanwhile, the tax evasion bill was passed unanimously by the various factions.

A plenary session originally scheduled for today, Thursday, was surprisingly held yesterday, as the Finance Ministry intensified its efforts to achieve a consensus to approve the tax evasion bill and the VAT hike. Despite protests from the opposition parties, which described the debate of the tax evasion bill proposed by the Finance Ministry as "having been overridden by force," a favorable vote was achieved.

When the VAT increase was being discussed in committee, ARENA and the PD did not have a majority of votes. ARENA had only six votes in the committee, including the PD votes, while the opposition had seven. The committee comprises 13 deputies.

Confronted with this situation, Deputy Alfredo Arbizu of the Social Christian Renovation Movement [MRSC] was removed from the committee. ARENA argued that, in light of the separation from the PDC [Christian Democratic Party], Arbizu's appointment as proprietary representative to the committee was unauthorized, thereby making the vote six-six, which did not allow the bill to pass in committee, because that requires a majority or unanimous decision. [sentenced as published]

Arbizu denounced the disrespect he was subjected to, noting that every other time the committee had made a decision, it had carried his signature. On this occasion, however, in which ARENA was seeking a way to get a majority vote, "the chain broke at its weakest link."

The plenary session was running smoothly until the decision on the tax evasion bill was read, and, upon conclusion of the reading, Assembly President Gloria Salguero Cross ordered the deputies of the Finance Committee and the counsel deputies to take a 15-minute recess.

Opposition deputies immediately began to pound on their desks and wave signs expressing their complete rejection of the VAT increase, showing disdain for the Board of Directors. FMLN [Farabundo Marti National Liberation Front] Deputy Orlando Quintero and MRSC Deputy Miguel Espinal said their intention was to convince the committee to at least allow the VAT increase to be debated by the plenum, which was not permitted.

ARENA deputies met momentarily with DP deputies and immediately returned to the plenary session to continue debate on the tax evasion bill, which was approved unanimously.

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The VAT on Trial

The plenary session continued in a normal way until the end of the session. ARENA requested the dispensation of parliamentary procedures to introduce correspondence from a number of deputies, which included the bill replacing Article 54 of the VAT Law, which mandates a 10 percent tax, with a new tax rate of 13 percent to be applied to taxable items effective 1 June.

Despite arguments from the opposition, the ARENA and PD votes were enough to approve the 3 percent increase in the VAT.

Guatemala

In Interview, De Leon Discusses Talks With Zedillo

PA1006142895 Mexico City XEW Television Network in Spanish 1420 GMT 9 Jun 95

[Interview with Guatemalan President Ramiro de Leon Carpio by journalist Guillermo Ortega at the Presidential Palace in Guatemala City — live relay]

[FBIS Translated Text] [Ortega] We are at the presidential palace, where Guatemalan President Ramiro de Leon Carpio honors us with an audience, and we thank him very much for that. How are you, Mr. President?

[De Leon] It is a pleasure to see you.

[Ortega] Pleased to meet you once more. Obviously, we thank you for granting us some minutes for our Mexican viewers, because we know you are very busy. To begin this chat, I would like to ask you: How were your talks with President [Ernesto] Zedillo? I see you very much at ease. It is obvious you have a cordial and friendly relationship.

[De Leon] In fact, there is undeniably a friendly relationship, despite the short time we have known each other. We met at Salvador de Bahia, Brazil, when we attended an Ibero-American Summit in 1993. We have maintained excellent relations since then. He later toured Central America as president-elect and, naturally, he visited Guatemala. I later attended his inauguration, and now Guatemala is pleased because this is his first official visit as president.

In fact, we have a friendly and cordial relationship; I believe it is mostly due to his personality. He is very affable, cordial, and unaffected — yet I believe President Zedillo has a strong, deep, and serious personality. Yesterday's meeting was held in a cordial atmosphere, but we tried to carry out a discussion of about 40 topics. We managed to cover a sizable portion of them, and the positive aspects of his visit were touched on yesterday. This refers to all aspects and not only to further strengthening the excellent relations that the Mexican people and government already have with the Guatemalan people and government. Those relations have been excellent, but I believe this visit will further strengthen them.

We discussed political, economic, commercial, financial, and technical cooperation, and specific issues. As I said, positive results were achieved for the two countries in yesterday's work session.

[Ortega] Relations between Mexico and Guatemala have faced different situations. They were good at times, and other times they were not so good, to use the expression. How would you define the current status of relations between our two countries?

[De Leon] It is undoubtedly the best historical and political moment between the two countries, as far as relations are concerned. In fact, history....[pauses] neighboring countries are like brothers. They have their good moments and their squabbles also. Unfortunately, history shows us that some problems arose at certain times — not too many, only a few — but, following the democratic changes in Guatemala, the National Constituent Assembly in 1984 and the emergence of a new democratic system in Guatemala in 1986, it resulted in a democratic opportunity and in excellent relations. I would say this is the culmination of those excellent relations at a commercial, political, and social level. We have joint plans and ... [pauses] I think more perfect relations are impossible.

[Ortega] You mention trade, an issue which interests Guatemala so much in its relations with Mexico. Intensive negotiations have been carried out so Mexico may sign a free trade agreement with the so-called Northern Triangle — Guatemala, Honduras, and El Salvador. What is the status of those negotiations?

[De Leon] Bilateral relations currently prevail between El Salvador, Honduras, Guatemala, and Mexico. We have excellent commercial relations, even though our trade balance is unfavorable. Nevertheless, we have a natural market — to be quite frank — in southern Mexico, meaning Chiapas. What we need is perhaps a better infrastructure and that is why we discussed yesterday the creation of a special infrastructure at the border post of Tecun Uman City. We are talking about a port and an infrastructure that allows us to transfer products between our two countries. Referring to this, we currently engage in bilateral trade with approximately 27 products through a customs agreement, and we have extended those benefits so we may trade with Mexico more freely. This is as far as bilateral relations are concerned.

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At the Central American level, we have submitted our request to join the North American Free Trade Agreement [NAFTA], and I want to be honest about this. We have a privilege — Guatemala is the only neighbor of the most powerful bloc in the world, NAFTA. That has its advantages and its disadvantages. It is like being the neighbor of a very powerful and rich man, a millionaire. This has its disadvantages, but if you prepare yourself and use it judiciously this may result in many advantages. Referring to this, we can join NAFTA — according to NAFTA's mechanism — in a couple of years. Mexico is the country which has participated most positively in this concern. Canada and the United States have also done so, but Mexico's influence in this concern has created a free trade opportunity.

The proposal presented in December last year, at the hemispheric summit in the United States, prepares the groundwork so we may have the largest free zone in the world, in the American hemisphere, by 2000 or 2005. We will be able to eliminate obstacles and that is the tendency. Therefore, we think it is tremendously important that we prepare to join NAFTA as we have requested. According to its mechanisms, we might be able to participate in the agreement in a couple of years.

[Ortega] Mr. President, having neighbors always has its advantages, but it also entails many problems. One of them, for example, is the immigration issue. We Mexicans frequently complain about the treatment given to our citizens when they try to cross into the United States, above all those who cross illegally. There is a saying that it is always easier to see someone else's faults. Sometimes we disregard what happens at our southern border, where our authorities, the Mexican authorities, do not treat well, or treat badly, the Guatemalan immigrants or the immigrants from other Central American nations. How does the Guatemalan Government see this problem?

[De Leon] There have been serious problems. I remember the Central American presidents discussed the issue during Dr. Zedillo's visit to Guatemala as president-elect. President Zedillo promised to give Central Americans, particularly Guatemalans, dignified and humane treatment. He ratified this yesterday when we discussed the issue. We talked about California's Law 187, which is an illegal and inhuman monstrosity. Logically, he said that just as Mexicans demand that the United States treat in a dignified manner those who arrive in U.S. territory for any reason, the same applies to the Central Americans — in this case Guatemalans who arrive in Mexican territory.

We were quite satisfied to hear him ratify his political determination to instruct the appropriate authorities to grant a dignified and humane treatment; we also reached agreements for surveillance along the border, because it is not a matter of not allowing illegal aliens to cross the border. They must be treated in a humane way, which is the important thing in this case.

[Ortega] Mr. President, during dinner yesterday, President Zedillo brought a message that five other heads of state — six if you count President Zedillo — sent you due to the support given to the negotiations to end the military conflict in Guatemala. I would like to ask you: How do you feel about this issue, above all now that the peace negotiations will be resumed in Mexico City on Sunday?

[De Leon] We have achieved considerable progress. When I assumed the presidency exactly two years ago, the process had reached a deadlock. We then presented a national peace plan with three main goals — first, a reconciliation, which is the most difficult issue to settle after 35 years of conflict; second, the struggle against poverty to eliminate the conflict's socioeconomic causes; third, the end of the internal military conflict. We have achieved a lot of progress, and we have signed agreements like the overall agreement on human rights and the agreement on displaced communities. Above all, we have just signed — precisely in Mexico City — what is perhaps the most important agreement for the majority of the people in our country: the agreement on the Indian people's identity and rights. The document recognizes, for the first time in Guatemala, that we are a multicultural, multi-ethnic, and multilingual nation; it recognizes the rights of our majority population, meaning the Indians.

We now are involved in another difficult, complex topic, meaning the country's socio-economic and agrarian issue, but I harbor hopes that the two parties will have the necessary political will. I must admit that the URNG [Guatemalan National Revolutionary Unity] has stated and proved its political will with facts in recent months and in recent days. For example, it issued an appeal to citizens, urging them to vote — something it had not done in 34 years. This proves that the URNG has every intention of becoming part of the national life, the legal system, and the legal state. Thus, even though difficult topics remain — the Army's role, the subordination of military power to civilian power, the Army's role in a democratic system — I believe the Guatemalan Army is fully prepared for this and will allow us to reach agreements.

Therefore, the moment is special; the group of friendly countries — incidentally, Mexico is part of this group — has helped us very much. In one of my speeches I said yesterday that the day a peace agreement is signed, the

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Guatemalan children will always remember Mexico's name, because it was one of the countries that truly strived for Guatemala's peace and reconciliation.

[Ortega] Regarding this issue, would you say a light, albeit small, is visible at the end of the tunnel?

[De Leon] Undoubtedly. I want to tell you that the peace process is irreversible. The end may be months away, give or take a few, but it is irreversible not only due to international pressure and cooperation but given the two parties' needs and the internal pressure in the country. Perhaps this is not so evident in the cities and urban areas, but I constantly visit the countryside and the Indian communities; I hear the demands from that population, from those who have returned, mainly from Mexico. They had been evicted from the homes — this involves approximately 1 million persons — and they are now returning to their communities. They have suffered the onslaught of a low-intensity or middle intensity war, and they have sustained casualties. Those people are anxious, and they demand the achievement of peace. All those conditions are propitious, and they make the end of this military conflict essential and irreversible.

[Ortega] Given Guatemala's experience in this concern, how does the conflict in Chiapas, a Mexican state that shares a border with this nation, look?

[De Leon] I sincerely, and given my love for Mexico ... [pauses] You know I went to Tapachula, southern Mexico, at an early age due to special reasons. I studied there. I learned the Mexican anthem before I learned my own country's anthem, and I learned about Mexican history before I learned about Guatemala's history. I love the Mexican people very much, and both my family and I feel grateful to them.

I have said all this because I am deeply saddened to see the Mexican people suffer the consequences when displeased or alienated groups emerge, regardless of the reasons. I have hopes, and I trust in the capability of President Zedillo, the government, and Mexico in general, the various Mexican factors of power — the production and labor sectors — to reach agreements and prevent what happened to us from happening in Mexico.

Displeased and alienated groups have emerged, and I sincerely hope a negotiated, peaceful, and rational agreement is reached before the crisis extends because the Mexican people would suffer very much the consequences of that conflict. Given the experience you mention, we have suffered for over three decades, and the ones who suffer the most are the people, the poorest people, rather than the government and the powerful people. This problem has emerged in Mexico, a large territory, a powerful country. It is powerful, and it has vast resources, but it also has problems and poverty.

Naturally, I trust the capability of President Zedillo and the government, and all the sectors of the Mexican society, to end the conflict in a timely manner. It is not really a conflict; it is a problem that has arisen due to displeased people and various reasons that must be immediately looked into.

[Ortega] President, you have just talked about the upcoming elections in Guatemala. From Mexico it looks — I do not know if this is correct — like a political, electoral process that will be essential for the future of Guatemala's democratic life. I would like to ask you: How does the president of the republic see this process, particularly when we see front page newspaper reports on persons who belonged to Guatemala's political past — without using qualifiers — like Efrain Rios Montt? Today I read in some of Guatemalan newspapers that he complained about a grenade that was hurled at his home, an attack for which he has already blamed two military men. In other words, how does the Guatemalan president see the process in which all these situations have already emerged?

[De Leon] We must emphasize something. Uncertainty currently prevails even though the elections are near — they will be held in November. That uncertainty is partly due to the situation. General Efrain Rios Montt tried to participate in the elections, and his registration was forbidden because the political Constitution and the country's laws forbid it. That has not changed one bit. The same legal structures, the same constitutional structures prevail so the appropriate courts will have to issue a ruling but [11-second break in reception] electorally speaking he has support, he is a man with charisma, above all because Guatemalans — we must confess it — suffer the lack of security that also prevails in other countries due to common crimes, drug trafficking activities, and a series of factors. Given Gen. Rios Montt's personality and character, he has many sympathizers. This does not mean he would win an election — you cannot predict that — but I believe the situation will be fully cleared in approximately one and one-half months.

That will clear the way for a very special election. I say very special because the president and government over which I preside has no political party. I was not supported by a political party. This is a special situation [chuckles], even at the world level. This will guarantee the nonparticipation of an official or state machinery, and it guarantees a transition. That is very important at this historic and political moment, particularly due to the peace process, because the transition must be made

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not only from one government to another but also from one period that is about to end to another period that is about to begin in January 1996.

We hope we will have a different situation from the one I found; a different scenario at the institutional, military level; with political stability and a new congress — I had to resort to a legal mechanism and hold elections so the people could vote to change the Congress and the Supreme Court of Justice due to the people's demands, and with a much better financial situation. The Congress of the Republic has just approved fiscal reforms that leave finances on a sound basis and a different situation, a different scenario. However, the way to the electoral process must be cleared, as I said before. I am not the one who should adopt the decision of whether or not he can be registered, but the law is the law, and it is quite clear what the appropriate courts, the electoral courts, must decide about this.

[Ortega] Mr. President, I want to thank you very much for the time you have dedicated to us. You have a very busy day ahead. We do not want to take from you more time than you have kindly granted us. It is always a pleasure to talk with you. We have had the opportunity to do it on other occasions, and we could spend the whole morning here, talking about many things that are of common interest to the two countries; and of the many memories you have about Mexico. However, we must fulfill our obligations, so we thank you very much, Mr. President. Have a nice day.

[De Leon] Thank you, very much.

[Ortega] I do not know if you want to say something before we end this chat.

[De Leon] Only my heartfelt and respectful greetings to the Mexican people, whom I love and respect so much. I wish them all the happiness they deserve.

De Leon, Zedillo Hold News Conference

PA1006175595 Guatemala City Cadena de Emisoras Unidas in Spanish 0014 GMT 10 Jun 95

[News conference by Guatemalan President Ramiro De Leon Carpio and Mexican President Ernesto Zedillo with foreign and domestic correspondents at the National Palace, with unidentified moderator — live relay]

[FBIS Translated Text] [Moderator] Good evening. We are going to begin the news conference by their excellencies the presidents of Guatemala and Mexico. I am thankful and am hereby publicly expressing my gratitude to the Guatemalan and Mexican press representatives and the foreign news media and correspondents: to all of you my gratitude for this continuous, spontaneous, and decisive coverage of President Ernesto Zedillo's visit to Guatemala.

Due to the presidents' agenda, we have decided that questions will be asked in the following manner:

Each group, from television, press, and radio, appointed a representative to ask a question agreed upon by the group. The question was chosen freely. Let us proceed, then, with the news conference.

I have been joined by the presidency's assistant secretary of public relations and Mr. Carlos Salomon Camara, director of social communications at the Mexican presidency.

Let us begin, then, by asking Mr. Francisco Olmedo of Guatemala's "Telepress Newscast" to ask his question.

[Olmedo] Good evening, Mr. President of Mexico. I would like you to tell me which, in your opinion, has been the most important achievement of your visit to Guatemala.

[Zedillo] Look, I believe I have achieved many things, and it would be very difficult to single out one as the most important. The basic issue is that, through the agreements contained in the declaration just read, we have made evident the Guatemalan and Mexican Government's firm resolve to consolidate and carry forward the friendship and ties of cooperation they have (?exchanged) over the years and which undoubtedly at this moment they are experiencing, perhaps in an outstanding phase.

I believe that the economic, social development, and health agreements, and particularly our goal of establishing a joint program for the border area, are all very important and will allow us to go forward with this relationship which, in my opinion, is an example for all of Latin America.

[Moderator] Please, Mr. Javier Alatorre of Mexico's Television Azteca.

[Alatorre] Mr. President Zedillo, how far are we from a free trade agreement with Guatemala and, should there be one, what immediate advantages would Mexico receive? For President Ramiro De Leon, is there any form of cooperation to restore a de jure state in the region both countries share? The area in conflict, of course.

[Zedillo] As I said this morning at the meeting with the Guatemalan business organization, Mexico wants a free trade agreement with Guatemala, but it is very clear to me that this agreement will have to be very respectful of the interests and terms convenient to the Republic of Guatemala. Guatemala has a commitment

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to other Central American countries to negotiate as a bloc such an agreement with Mexico. To this end we are waiting because that is the course that the Republic of Guatemala has chosen with regard to an agreement that might be reached with El Salvador and Honduras. When the decision is made, we will proceed with the appropriate negotiations.

I would not like to set a date for the negotiation, let alone for the signing of that agreement. I would say to you that from Mexico's viewpoint the sooner the better, but we will be totally respectful of the terms and advantages for the Republic of Guatemala.

What benefits would such negotiations hold for Mexico? They would be important because I believe that market openness entails opportunities for our countries to promote economic growth. That is why we are highly interested, and we are also aware that not only Mexico would benefit from them but that they would have to be clearly reciprocal for both countries.

[De Leon] As for cooperation and aid to strengthen the de jure state — here I will [word indistinct] the question a little — not for the establishment of a de jure state because at present there is a de jure state in the region. All governments, in contrast to the past, are the result of free elections; we are the result, in one way or another, of a democratic system and, therefore, what we are lacking — and I would imagine this is the reason for the question — is international cooperation and support to strengthen our institutionality and institutions and, therefore, to strengthen our — still in some cases — fragile democracies.

There are de jure states in each state in the region; they have different powers of state and state institutions. What we need is to make those de jure states efficient, and for this we need cooperation, backing, and support in common activities such as the struggle against drug activities — for example, gun running. We need support to eliminate impunity, to combat poverty and to combat common crime and, in other words, all those ills that feed and serve as a cultural medium for an eventual and possible destabilization.

As I said earlier, our fragile democracy, the struggle against corruption, of course. In other words both sides, on one hand Mexico and on the other the Central American region, are democracies of cooperation; they are the result of democracies. Therefore, what we need is support and backing to strengthen our democracies and to (?make heard) the de jure state that is fortunately in each of our states with one exception; in Guatemala, unfortunately, the domestic armed confrontation has prevailed for over 34 years, as you all know.

[Moderator] Mr. Jose Luis Hernandez of Guatemala's Radio Sonora has the floor.

[Hernandez] Thank you very much. Mr. President of Mexico, will you pursue the policy of privatizing state assets and what is Pemex's [Mexican Petroleum] current situation?

[Zedillo] My country has continued the policy of privatizing the assets of nonstrategic companies. This very year Article 28 of the Constitution was reformed to legally allow private investment in our country's railroads. This reform also allows private investment in satellite communications. This constitutional reform and an additional legal reform approved a few weeks ago has opened the possibility of private investment in the commercialization, storage, and distribution of natural gas. We already have a clear picture of what Mexico's privatization program will look like over the next few years.

Pemex is a strategic Mexican state institution; it will continue to be a public institution in Mexico.

[Moderator] Rosy Ahuactzin of Mexico's Grupo Acir.

[Ahuactzin]) Thank you and good evening. I have a question. In the conversations, there was a great deal of talk about curbing weapons trafficking. Why, in the joint communique, is there no agreement on this issue? President Ernesto Zedillo, who is Mexico purchasing weapons for the Chiapas conflict and what is the economic cost? Thank you.

[Zedillo] Pardon me, I did not understand the question very well, Rosy.

[Ahuactzin]) Even in your speech at Congress you said that weapons trafficking violates sovereignty; it was one of the points you discussed. Why is there nothing specific on this in the communique? What agreements have you reached with regard to curbing weapons trafficking?

[Zedillo] At this time, as you have said, there is no bilateral agreement on the issue. Both countries, within the spheres of their legal frameworks and responsibilities, have pledged to ensure the fulfillment of our respective laws.

[De Leon] I would like to complement President Zedillo's remarks by saying that our respective security forces have and must continue fulfilling their duties of maintaining our respective sovereignties and the peace and tranquility of the inhabitants of our respective nations. In this regard there have been clear actions, not only with regard to Mexico but with regard to our other neighboring countries, El Salvador and Honduras.

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There have been clear actions to combat drug activities, common crime, weapons trafficking, the pillaging and trafficking of lumber, the trafficking of archeological pieces, and so forth.

To this end, as President Zedillo said, we have fulfilled our legal duties in a logical and normal manner [words indistinct] [four second break in reception]

[Zedillo, in progress] ... The government, my administration has not [three second break in reception] to deal with the Chiapas conflict.

Fortunately, we have not needed weapons, and I hope we will not need weapons to resolve this problem. That is why we have insisted in negotiating, and I have the hope, desire, and political conviction that we will resolve this conflict through our negotiations.

[Ahuactzin] Thank you.

[Moderator] Gabriela Aguides of the Guatemalan LA HORA newspaper.

[Aguides] Good afternoon, Messrs. Presidents Zedillo and De Leon. I want to make reference to points 12 and 13, which refer to drug trafficking, lumber contraband, and gun running activities, in the joint declaration read this afternoon. What specific measures will both governments take to counter such activities and will the armed institutions of both countries participate in such activities?

[Zedillo] As I explained a few minutes ago, what we have discussed is that both governments will make diligent efforts, in their respective spheres of competence, to ensure that our laws are implemented. There is a law in our country that specifically authorizes the Mexican Army to patrol and seize prohibited weapons; weapons that must be used exclusively by the Armed Forces. In this sense, surveillance and inspection tasks are carried out regularly and, up to now, they have proven to be the most useful mechanism in controlling such situations, which are so deleterious to our countries.

Also, as has been done for many years in the past, our countries exchange information through regular and diplomatic contacts and between the attaches in our embassies. We will continue those contacts and will remain attentive to be able to take additional measures, in the framework of our laws, if needed.

[De Leon] There are international laws that regulate the cooperation, aid, and exchanges of information to combat any type of illegal action, including, of course, the cultivation, consumption and trafficking of drugs and, in general, all drug-related activities.

As we said previously, our security forces are legally obliged to aid in this task. In Guatemala's case, our Constitution clearly establishes that one of the Guatemalan Army's objectives is to protect the country's sovereignty and maintain the peace and tranquility of its citizens in the national territory. To be able to do this, of course, requires that gun running from any neighboring country be repressed and that we cooperate and exchange information to be able to arrest the people who are involved in organized crime. We have also established a permanent committee that has the responsibility of establishing the critical routes and strategies to combat this type of illegal action.

In Guatemala's case, for example, the geography of our country is used — or there are attempts to use it — for drug trafficking activities. We receive cooperation and coordinate with many countries to stop drug shipments from getting to consumer countries. In this sense, Mexico, Guatemala, and Central America contribute, cooperate, and work to stop serving as a bridge for drugs to get to the consumer countries.

[Aguides] What about lumber?

[De Leon] Regarding lumber? Well, both countries are also legally obliged to avoid deforestation. We have the specific case of El Peten, a department very rich in forests. It is a natural lung that no longer belongs to Guatemala but to the entire world. The environment and the ecological system is a human right and that is how it has been classified. Thus, not only do we need Mexico's cooperation, but we also require international cooperation to be able to stop the deforestation and the contraband of lumber, because such an activity causes ecological damage that injures the entire world. There is good coordination — we have excellent cooperation from all the countries in the area and the international community in general — to stop the deforestation from continuing because it endangers mankind.

[Moderator] Jose Garcia Segura of the Mexican newspaper EL DIA.

[Garcia Segura] Gentlemen Presidents, armed groups operate on both sides of the Mexico-U.S. border [as heard]. I wish to know whether your governments have detected links between the URNG [Guatemalan National Revolutionary Unity] and EZLN [Zapatist National Liberation Army] and whether joint military actions have been proposed to stop the rebel groups' actions.

[De Leon] I do not understand whom the question is addressed to but I know that the answer is the same.

[Zedillo] No, we have not detected any such links. We have no information on any ties between URNG and EZLN. Consequently, we have not planned or even talked about any operations like the ones you mention.

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[De Leon] I endorse President Zedillo's words saying we have not even discussed the subject. Some armed operations have been carried out in Guatemala. There have been some indications of activities, but we have no real reason to believe there is such a link. This is why, as Mr. Zedillo said, we have not discussed the possibility of carrying out joint actions.

[Moderator] Edgar Arana of the Guatemalan newspaper PRENSA LIBRE.

[Arana] Good afternoon. My question deals with points 7 and 8 of the joint statement regarding human rights and violations of these rights, as President Zedillo said. In Guatemala there have been many reports against Mexican authorities, in particular immigration authorities, who violate the rights of Guatemalans who visit Mexico as tourists. What specific actions will the two governments take to stop these violations and have Guatemalan refugees return from Mexico?

[Zedillo] In my previous trip to Guatemala as Mexican president-elect, I pledged that, as soon as I was sworn in, we would take short-, medium-, and long-term measures to correct this problem gradually. This is a problem we admit and recognize and over which we are much ashamed. It is unacceptable for authorities who fail to do their duties properly and abide by the law to commit the same offenses for which we sometimes accuse other countries' authorities north of our border. To deal with this situation, as I said, there are short-term measures which, we admit, only palliate the situation.

There will also be measures of a much broader scope, such as a full structural reform of the National Immigration Institute and the other security agencies that operate at the Guatemalan border. Along the border, many people cross into our territory to try to enter the United States. Among the short-term measures, the most important we have taken is to announce that stiff penalties will be and have been enforced against those immigration officers or vigilance agencies who abuse Guatemalan citizens or citizens from other Central American countries. In addition, we have created a supervision and vigilance group specifically to investigate and follow up these violations and watch all events related to this problem.

We can say that, although the group has been in operation less than two months, we already have attained satisfactory results. I underline this as a short-term action. A long-term solution will be applied to the extent that the Mexican people progress in improving, moralizing, and eradicating corruption from these security agencies.

I wish to state very clearly that these regrettable incidents do not at all represent government policies. These are distortions, acts of disobedience to the law committed by individuals who feel they are protected by their official positions and therefore have the right to commit these grave offenses. To the extent that we can identify them, they will be penalized according to the full weight of law.

[De Leon] I only wish to add that it is very satisfactory for me to say that, since Zedillo's first visit to Guatemala as president-elect, he and I have discussed this subject and the medium- and short-term actions, which have beem confirmed even by two public notes.

I indeed believe it is not a state policy or anything less. However, it pleases me to receive President Zedillo's ratification of the commitment regarding the defense of the dignity of not only of Guatemalans, but also of Central Americans who arrive in Mexican territory or who cross Mexican territory on their northward journey. As he has said, there already were short-term, emerging, and urgent mechanisms and more general mechanisms to resolve this type of violation of the human rights of Central Americans. I stress my pleasure at his ratification in this regard.

[Arana] What is the tangible agreement on refugees to expedite the procedures? [question as heard]

[Zedillo] As you know, there is a repatriation program, which has been expanded this year. Approximately 5,000 people have been repatriated this year. In the last few weeks, the progress of this program was halted for quite specific problems that have [words indistinct] and that both the Guatemalan and Mexican parties are currently handling. The expectations are that 1995 will be the year in which this program will progress the most. Thus, we are pleased because the program has made some progress this year, because we are currently resolving the problems that halted it for a few weeks, and because we are certain that by late 1995, approximately between 15,000 and 18,000 people will have been repatriated. This is based on voluntary data and according to the criteria the Guatemalan Government has accepted.

[De Leon] In this regard, I only want to add that this issue must be analyzed by its real content. The Guatemalan reporters will recall that I participated in the mediating group as the human rights ombudsman. At that time, the return was very difficult. Today, it constitutes an exceptional example to the world, as I said at the speech I delivered at noon, because this is the only country in which refugees are returning, even though peace has not been signed yet and even though there still are confrontations even in the places to which the refugees are returning. Nevertheless, this is an example in the returning process that has a structure, procedures,

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and guidelines clearly stipulated in the 8 October 1992 and 12 January 1993 agreements. This process even has a modus operandi that begins with the handing of land to the Guatemalan brothers who are peasants and who need this priority step.

However, as President Zedillo already said, this year has been an example of progress, not only in figures, but also in form and procedures. Above all, we are keeping the dignity of those Guatemalans who are returning, and we are even throwing in a dose of reconciliation. I would say this year will be a very special year. We now have specific problems arising from the situation, problems we are trying to resolve. These problems have perhaps hindered the normal, voluntary, and collective continuation of the process in concurrence with the already mentioned agreements. This process will continue; the Guatemalan Government has a real political resolve, a quite clear political resolve. The process will continue this year, hoping to reach the goals we have set.

[Moderator] The last question will be made by Jesus Saldana, from EL HERALDO DE MEXICO.

[Saldana] Mr. President Zedillo. Do you see, Mr. President...

[Zedillo, interrupting] I cannot hear you.

[Saldana] Do you realize that some of the main problems jeopardizing regional security have to do with your insistence on the defense of democracy, legality, and the state of law? To the Guatemalan president, are there conditions that could prompt a rebellion in this country, and how could its political instability be reflected in the region?

[De Leon] I did not hear the last part of your question.

[Zedillo] I didn't understand your question.

[Saldana] I want to ask Mr. Zedillo if you realize that certain risks in the region have to do with your insistence on defending democracy, legality, and the state of law. To the Guatemalan president, are there conditions that could prompt a rebellion in this country, and how could its political instability be reflected in the other nations of the area?

[Zedillo] Well, I would not say that the problem of the region is that risk. On the contrary, what I have seen in recent years, to the great satisfaction of the Central American countries, and to the great satisfaction of Mexicans, is that in this region the exercise of democratic values and the rule of law and order have been reaffirmed. Today we can say with great pride that the political situation, that the democratic scene in Central America is completely different from what it was 10 years ago. Today all Central American countries live in democracies. Today all the Central American countries are struggling to establish and strengthen states based upon law and order. I would say we are living in an unprecedented stage in the history of the region, because previously, at one time or another, democracy was absent, or we lived in de facto regimes which, naturally, were not within the constitutional order.

From Mexico's point of view, this is highly satisfactory, and we insist on expressing our solidarity, on expressing our respectful support to all Central American governments to keep on this satisfactory path.

[De Leon] I believe that in Central America the political aspect is being overcome. When I speak of the political aspect, I refer to two aspects. A few years ago all the governments were authoritarian, dictatorships, sometimes civilian, at other times military, with fine faces, open faces, and other times with shameless faces, with individual and collective faces, but in the end, all dictatorships. Today there are none. Therefore this political aspect has been overcome. All our governments are the product of the democratic system.

Another political aspect that has been overcome, with the exception of Guatemala, is war. A war which was the product of the East-West confrontation. A Cold War whose conflicts were transferred here, and we in Central America provided the dead. We provided the worst part. Today to talk about a coup d'etat in Guatemala is something that has been erased from the minds and the actions of at least almost all Guatemalans, not to exaggerate. Precisely, I was a product of a constitutional rupture in reaching the presidency, and if there is something that is stable in the country today it is the country's military institution. I say this so openly that I am stating this before the local and international media.

One of the basic situations which pleases me is, precisely, that on 14 January 1996 I am going to hand over an army that is completely stable, a professional army, ever more conscious of its role within a democratic system. Therefore a coup is something of the past. Today's issue in no longer about democracy. The issue today concerns progress, misery, exploitation, and injustice. That is another issue. But fortunately [2 second break in reception] we have overcome the other issues. The questions would have been about militarism, about dictatorships, about the violation of human rights, which is still an issue, but not as an accepted policy in any of the Central American governments, 15 years ago, perhaps less.

The Guatemalan Government has problems because of conflict, but there is no threat from a coup. In the first

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place, change due to a coup is not convenient on a national or international level.

We recently made changes to our Constitution, and we did it through legal mechanisms, through popular consultation. Today, or yesterday, an article appeared in a newspaper saying that a deputy is going to convoke a constituency for another change in the Constitution, but through legal channels. That is, we have finally learned in Guatemala that constitutional changes are made through legal channels, through democratic means.

I reiterate, I do not believe the issue in the region is any longer a coup d'etat, much less in Guatemala. There is a very clear political and institutional stability. Our problem now is a social problem. It is the challenge to humanity [indistinct word] poverty, misery, and injustice.

Mexico's Zedillo, De Leon Criticize U.S. Proposition 187

PA1006044595 Mexico City NOTIMEX in Spanish 0229 GMT 10 Jun 95

[FBIS Translated Text] Guatemala City, 9 Jun (NOTIMEX) — Mexican President Ernesto Zedillo and Guatemalan President Ramiro De Leon Carpio today committed themselves to defending the rights of their fellow citizens in the United States in the face of an anti-immigrant upsurge in that country.

The two presidents, who this evening signed two cooperation agreements and six accords, including accords on the development of the border zone, health, culture, trade, and environmental protection, also spoke about "disquieting" actions against immigrants in North America.

The presidents expressed fear in view of the "possible implementation in the U.S. state of California of Proposition 187, which would harm the fundamental rights of nationals from the two countries who live in this part of the United States."

Zedillo and De Leon Carpio noted that the initiative runs against human decency, because it calls for the elimination of the rights of immigrants to education and public health care, among other things, in the western U.S. state of California.

The two presidents said they are concerned about "other actions that are a product of hostile attitudes toward immigrants in the United States," according to a joint declaration the two men signed this evening.

Zedillo and De Leon Carpio committed themselves to defending the human rights of Guatemalans and Mexicans in all countries of the world. The presidents stressed that political, economic, social, and cultural rights of the people must be respected in their country of birth and abroad.

They reiterated that showing respect for individual rights "serves as a fundamental element in the consolidation of democracy and represents an undeniable goal in today's world." The declaration by the two presidents can be added to the series of declarations by Latin American political and human rights organizations and governments that have denounced recent initiatives adopted in California against immigrants.

The presidents said similar situations could manifest themselves in other regions of the United States where millions of immigrants, especially Mexicans and Central Americans, live. Zedillo concludes his two-day official visit to Guatemala today.

Defense Minister Denies Plans To Advise Mexican Army

PA1106020695 Mexico City NOTIMEX in Spanish 1954 GMT 9 Jun 95

[FBIS Translated Text] Guatemala City, 9 Jun (NOTIMEX) — Guatemalan Defense Minister Mario Rene Enriquez today confirmed the Guatemalan Army has ruled out the possibility of offering advice to the Mexican Armed Forces to confront an armed rebel group operating in southeastern Mexico.

"Our soldiers have withdrawn from the border and are several kilometers away to avoid any problems," Enriquez said, stressing that the Army of this Central American nation will not provide any technical advice to the Mexican military.

THE NEW YORK TIMES recently reported that the Guatemalan Army would help the Mexican Army confront insurgents in Chiapas. According to the report, the advice would be offered in return for Mexican pressure on the Guatemalan National Revolutionary Unity (URNG) to make the URNG more flexible in its peace negotiations with the Guatemalan Government.

Enriquez pointed out that the two countries "are strengthening the borders to develop the regional communities and to provide better living conditions to Guatemalans and Mexicans who live on both sides of the border." The military chief also noted that this is part of bilateral agreements stipulating, among other things, the construction of a border bridge and the implementation of a regional electric power network.

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De Leon Marks 2d Anniversary in Office

PA1106003295 Guatemala City Radio and Television Networks in Spanish 0312 GMT 7 Jun 95

[Speech by Guatemalan President Ramiro De Leon Carpio, on the occasion of his second anniversary in office, in Guatemala City — live relay]

[FBIS Translated Text] People of Guatemala: I hereby address you tonight with pleasure to discuss some aspects of the past two years and the country's future. When Gregorio Maranon firmly stated that history passes judgment on results and not intentions, he made it clear that good intentions are insufficient and that the people's will and our efforts must be united to obtain satisfactory results for the country. It is also true, however, that events, both personal and public, must be traced far back into history if they are to be viewed with complete clarity and objectivity.

Something similar is happening to us today as we commemorate the second anniversary of my government, and events simply start to fade away into history, which will be our best judge now that only seven months are left before I end my term. The spirit of democracy is essentially one of life's verities against which we cannot rebel.

People of Guatemala, this is true. Take, for example, how in the wake of several trying incidents that began on 25 May 1993, the democratic spirit prevailed in each of us to bring about part of the changes that the country needed and demanded. We are certain this country will complete this century and enter the next one in charge of its own fate through democracy. If nothing else, we should be very proud of this fact.

As president of the Republic, I observe these two years of my term in the light of the great difficulties and problems we have experienced and the criticism that has been my constant companion. Nevertheless, I also see in these two years my personal determination, as well as the determination of my team, to struggle, work, and even tolerate. Two feelings exist in me. One is the satisfaction of struggling and working for ideals that are shared and endorsed by the majority of Guatemalans, as reflected in recent opinion polls and as I confirmed yesterday when I opened, jointly with the local community, the Chichicastenango-Santa Cruz del Quiche highway, thereby completing the entire Palacache-Quiche corridor. I also inaugurated the Santa Cruz del Quiche National Hospital. Today, I inaugurated several works in Todos Santos, Huehuetenango, for the good of the local communities. The other feeling I have is hope for what we have not yet attained because of the intolerance and misunderstanding of those who should admit that the idea is not to help a certain man or group, but to make a national commitment with those who are in office.

As president, I promised to reinforce the country's institutionality, and I have complied with that promise. The institutional rupture has been relegated to the past. Today we have renewed institutions that undoubtedly must be strengthened, but now they are based on a new commitment with the people. These include the executive branch, the Congress, the Supreme Court of Justice, the Attorney General's Office, the Prosecutor General's Office, and the Comptroller General.

We have walked a difficult path to achieve our objectives. Perhaps the importance of the historical decisions this government had to make are just being recognized, and many will not be recognized until we are out of government. Therefore, with humility and heartfelt satisfaction I address you in the company of my cabinet, although some are not present because they are not in the country, to begin viewing the country's restructuring with the renovation of its most representative institutions.

I share with you the satisfaction of having complied with the goals people demanded from me, which included achieving military institutional stability, political stability, and economic stability. Those goals were accomplished through various decisions and actions, such as purging state institutions, constitutional reforms, the referendum, and fiscal reforms.

Over the past two years we have left behind the violation of human rights as a state policy, although we must recognize that some violations persist because of circumstances that normally exist in a nation that still needs to work to strengthen its democratic process and to struggle against injustice and violence.

My government has been characterized by working under the principles of honesty and transparency, values that seemingly had disappeared, generating a lack of confidence and credibility among the people. Now, however, there is a different attitude.

Today I want to express my recognition of the people, who are fulfilling their duties as taxpayers, permitting us to carry out the priority of this government — namely, social investment. We have overcome many of the causes that moved, encouraged, and inspired the unbridled corruption of serious consequences [words indistinct]. Over the past two years, my government has maintained a system of fiscal management based on austerity, where there is no room for discretionary funds or superfluous and extravagant spending. Our scarce resources are managed clearly, according to the

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special needs of the people of the rural sector. We have undertaken the financial uplifting of the state with the sole purpose of improving the levels of investment, thereby fighting the worst plight of our country — the plight of extreme poverty. We have sown seeds to give the people of Guatemala new hope that things can and will change, even if it means having to overcome skepticism.

Barely 24 months of this government have transpired, but we can say with satisfaction that, although we faced one of the most dramatic financial crises of the country, we were able to reach levels of investment of 76 percent, when traditionally those levels did not even reach 50 percent of estimates. Perhaps this cannot be understood by the residents of the metropolitan and urban areas, but it is well understood, very well understood, by the people in the rural areas who are watching and listening to me. This investment shows that the scarce resources have not had any other purpose but to guarantee the investments the country needs. Our plans are to surpass this percentage by the end of 1995.

I can say with satisfaction that during these two years of government, we have invested more than 4.5 billion quetzales. Just today, on the occasion of commemorating this second anniversary, we inaugurated more than 690 projects in 22 departments. These resources granted by the government have had a greater impact because of the participation of the municipalities and local communities. One of the fundamental principles of my government has been to promote the culture of social participation.

Today communities have been able to participate with their work and even financial resources, through local community committees, in the construction of [words indistinct] potable water supplies and rural electricity, among others. In so doing, they are demonstrating that social needs, poverty, and violence are structural problems, and therefore not the exclusive responsibility of the national government, but a difficult problem which all sectors, government agencies, and communities should combat. Now the rural population can see how their active participation can make a difference in identifying and satisfying their needs. We have strengthened the Regional Development Council. The next step will be to provide support to departmental councils by giving them greater participation in the decisionmaking process.

All of this is closely related to the administrative decentralization process our administration has undertaken so energetically. The development funds are an example of this. The fund administrators discuss the issues with the community to decide where resources should go. Other examples are the decisions made by the Parents Committees within the educational process and the fiscal decentralization plans currently taking place. It will be necessary to continue promoting activities geared to strengthening decentralization and the spirit of social participation. This will mean more rights and more obligations, which will make the people our social overseers. The seeds have been sown, and now we must help them grow.

One issue I would like to stress is our absolute respect for the freedom of expression. We have granted the broadest degree of freedom to the press and shown tolerance for criticism, ever when we have felt such criticism to be unfair. We have never silenced the press because the president, the government, or one of its officials felt threatened. We uphold our belief that the freedom of expression is the basis of the democratic process.

The Guatemalan people should be pleased with the progress made in ending the armed conflict. This process is irreversible and directed toward attaining peace. The peace we seek is not simply the absence of war, but a peace that results in social justice and equality.

In light of the problems Guatemala faces, I believe that improving the people's quality of life must be a top priority for whichever party rises to power. It must continue to head the struggle against poverty and insecurity created by common crime. It must also strengthen respect for human rights, whether individual, economic, or social in nature. This is the only way to attain a firm and lasting peace. After we sign the peace agreements, we will need true political will and honest and effective actions to deal with the many demands of the silenced weapons.

Our government has begun to take action to meet the commitments of the agreements we have already signed, and it will present a request for financial support to the international community on 21 June in order to start implementing this agreement.

The signed agreements, especially those on human rights and the identity and rights of Indian peoples, represent a hope for the Guatemalan people to climb the path toward development, heeding the words of His Holiness Pope John Paul II, who has said development is the new name for peace. We have just begin walking toward national reconciliation, but we must recognize that we will forge the nation we want only if we accept that this is a responsibility the government and people must share. This task is left to the state and to all of the country's social sectors within a social pact of solidarity. We are aware that we will be able to achieve this goal only if everybody participates.

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Our government will conclude its term in a few months when a new president and new authorities of the executive and legislative branches and municipalities take office on 14 January 1996. An electoral process in which there is no official party has begun, and the presidential hopefuls must vie for office under equal terms with the only condition of abiding by the laws. Therefore, Guatemalan people, I guarantee you impartial and honest elections that will faithfully reflect the people's will.

As a man that has a democratic vocation, I stress my commitment and obligation to honor the political constitution. This is why we are working in this political transition process by following the order that was given to me to turn over power on 14 January 1996 to whoever the Guatemalan people elect, thereby reaffirming my commitment to the changeover in power and the respect for the Guatemalan Constitution.

It is also important for the Guatemalan people to be aware of their participation via the ballot box, through which they directly elect the government they want for the next four years. This is why I am calling for civic participation in the upcoming elections. I could also call on the political parties to ensure that reflection, maturity, responsibility, and civility will be the elements that prevail in these elections, because only then we will be able to stage a serious civic event in which people will gain confidence in the system's credibility to go to the polling stations to cast the votes that will lead us to choose a true national program.

I hope that the electoral contest sets an example for all of us and sends a positive sign to the international community. Guatemala is still standing tall. We ensure that our laws, hearts, and hands work in unison. We have gone through a long period of darkness, but strength, hope, and faith continue to dwell in each one of us. We, the Guatemalan people, have been able to overcome crises, and we must now continue to work in a sustained manner while recalling those wise words: There is no night, regardless of how long it is that we see no daylight.

Therefore, let us all work together — workers, peasants, businessmen, Indians, students, politicians, professionals, military officers, and civilians — in a word: the leaders and those who are led. Rest assured that this is how we will find the light of day we deserve.

Nicaragua

U.S. Senate Vote To Soften Stance on Aid Welcomed

PA1006183095 Panama City ACAN in Spanish 1649 GMT 9 Jun 95

[FBIS Translated Text] Managua, 9 Jun (ACAN-EFE) — The government of President Violeta Barrios de Chamorro today expressed its satisfaction over the U.S. Senate decision to soften its stance on Nicaragua regarding the conditions to provide economic assistance to the country.

The U.S. Senate Foreign Relations Committee on Wednesday approved an amendment by Democratic Senator Christopher Dodd containing exemptions to the proposal introduced earlier by Senator Jesse Helms, who wanted to place all kinds of conditions on the aid to Managua.

"It is an expression of confidence by a majority of the Senate that the Nicaraguan process is moving successfully, that democracy and economic development are getting stronger by the day, Deputy Foreign Minister Jose Pallais stated. [no closing quotation mark as received]

The official noted that the Senate decision "contributes to allowing U.S. aid to continue."

On several occasions Senator Helms has asked for the suspension of U.S. economic aid to Nicaragua until the Managua Government resolves the problem of properties of U.S. citizens that were confiscated by the previous Sandinist regime.

In the past five years, U.S. aid to Nicaragua totaled $860 million, and half of that amount was earmarked to solve the difficulties of the balance of trade payments.

Daniel Ortega Admits FSLN's Loss of 'Solidarity'

PA0906190395 Managua LA PRENSA in Spanish 7 Jun 95 , pp 1, 14

[FBIS Translated Text] Daniel Ortega, secretary general of the Sandinist National Liberation Front [FSLN], today admitted that the political-military party has lost what he calls "solidarity," while he said that his top priority is to recover it.

Ortega, during an interview with BARRICADA, refused to talk about who will be the FSLN presidential candidate for elections scheduled for 1996, dismissing the issue, saying it had not been discussed at the party.

Ortega, whose recent photographs continue to show him pale, with signs of an unspecified illness, grants

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BARRICADA interviews every now and then. It appears that this is an attempt to continue being the main spokesperson of the FSLN organization, now divided between the so-called orthodox —those of the most radical line— and the reformists, who attempt to soften the old Marxist—Leninist line.

Ortega made reference to the Sandinism's urgent need to "recover solidarity," while he regretted the total lack of support for a national strike against President Violeta de Chamorro's government that he recently summoned. The strike did not obtain the slightest support from the people or the labor unions.

Only the Parrales Vallejos public transportation cooperative, one of the paramilitary groups that support Sandinism, went on a national strike. Nevertheless, this only lasted a few days, as it put its buses back on the streets for fear of losing its license.

Ortega insisted that any "agreement of top leaders" —referring to an agreement being attempted by the Legislative Branch and the National Assembly on 62 constitutional reforms approved by the Assembly— "does not solve the nation's problems."

He stressed that the nation's main problems are the lack of jobs, the shortage of goods, the currency's devaluation, which the Central Bank determines every day, as well as the inflation caused by this devaluation know as "sliding."

He said that the solution is to leave aside the economic policies dictated by the World Bank and the IMF because these prevent the economic improvement of the working class.

Although Sandinism appears to have lost its capacity to summon armed rebellion and terrorism, and street disturbances, as a way of political struggle, Ortega insisted that the protest against President Chamorro's government "should continue."

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Argentina

Menem on Challenges, Dirty War, Economic Crisis

95SM0363B Madrid EL PAIS in Spanish 18 May 95 p 4

[Interview with Argentine President Carlos Menem by Hermann Tertsch in Buenos Aires; date not given — first paragraph is EL PAIS introduction]

[FBIS Translated Text] Buenos Aires—The newly re-elected president points out that he was blackballed in his country for 25 years, five of which he spent in prison, after the 1976 military coup. As his second term begins, he reviews his accomplishments.

[Tertsch] How would you assess your first term?

[Menem] We undertook a reform of the state that is unprecedented in this part of the world. After six years in office, after hyperinflation around 1990, after an uprising by a segment of the Armed Forces, and after the enormous wear and tear that this process of transformation causes, last Sunday we held elections, and Justicialism, the ruling party, did better than in 1989, as we won practically half the vote.

We have gone about reincorporating Argentina into the world. Our "blue helmets" are serving effectively in Croatia, Cyprus, Kuwait, and Haiti to keep the peace. And Mercosur is an integration movement that is doing very well. There is a customs union; it is essentially an integration system that we have made in the image and likeness of the European Union.

[Tertsch] What are your biggest challenges after victory in the presidential race and in the two houses?

[Menem] Argentina's problems are no greater than those of the countries of Europe: Spain, with a high unemployment rate; France, with a level similar to ours; Germany, and Italy. We are going to emphasize the unemployment issue, social issues. We have 12 percent unemployment. This is high for us, and this is why we have already drafted a five-year plan, calling for investments of close to $80 billion (10 trillion pesetas) over the next four years, which will enable us to create 330,000 jobs a year. We are going to revive housing construction. This means a vast public works program; in short, an Argentine environmental infrastructure. The funds are there, but I repeat, we now have an undeniable advantage: stability, which has lasted for almost five years now. We have exchange rate parity. In 1989 Argentina had a 37-percent poverty rate, including nine percent who lived in abject poverty. At present the poverty rate is under 11 percent, with two percent marginalized. There is more production, more consumption in Argentina; there is impressive growth; we have grown 32 percent over the past four years, which puts us at the top of the list of countries in the Western world and in third place worldwide after China and Thailand, I think, in terms of growth, in other words, the gross domestic product (GDP).

[Tertsch] The achievements in the economic arena have been impressive. What remains of Peronism today?

[Menem] I do not think that the Justicialist Party was ever a religion. This was the assessment during a very harsh period for the Argentine Republic. Let us not forget that when Justicialism was born in 1945, there had already been a series of movements as of 1943, and we were one of the few countries in the world that had not declared war on the Axis, that is to say, Germany, Italy, and Japan. From that moment on Justicialism was branded as Nazism or Fascism. But in 1946 Justicialism won the elections, reformed the Constitution in 1949, and won the elections in 1952. Then came the 1955 coup; it returned to power in 1973, and there was another coup in 1976. This served as a lesson, at least to this president, in visualizing the doctrinal principles of a political party, a movement, not a religion. In any event, this is an altogether changed party, which has modernized and changed the history of Argentina and brought it to its current status. We have finally succeeded in subordinating military power to civilian power, and in the framework of the peace to which I have referred we have carried out the process of transformation. The results are there for all to see.

[Tertsch] What is the explanation for the overly critical attitude of the press toward you?

[Menem] I have said that some, but not all, foreign correspondents often do not do the necessary research and report what the local media report, and we know quite well that the press here has its interests. Never before in Argentina's history has there been such freedom of the press, such freedom of opinion without prior censorship. The state has just one television channel and one radio station. That is all. Everything else is in the hands of the private sector.

[Tertsch] Did you ever think that the debate on the dirty war was going to resume after the amnesty that you declared five years ago?

[Menem] I did not declare any amnesty. What I did, under a provision of the Constitution that so authorizes me, was to issue pardons, which are something completely different, to many of the individuals who were involved in the so-called dirty war, which was going on while I was in jail. What happened here is that because of the rather manipulative coverage by certain mass media, in the end it seemed that I went from the role of a victim

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who spent five years in jail to the role of a victimizer. It was a situation that I had nothing to do with, but in any event confessions have been made about the dirty war out of clear-cut political opportunism because after 20 years and just before an election here comes one fellow making confessions that he could well have made, by the way, right after those laws were issued.

[Tertsch] Has Argentina's economic stability been under serious pressure?

[Menem] The effects of the Mexican crisis, what has come to be called the "tequila effect," were felt here too, as in several places around the world. But we have overcome this precisely because of the confidence that the rest of the world has in Argentina. International organizations immediately came out and gave us their support to overcome this situation. And at present we are revamping the entire financial system in order to revive the economy swiftly.

[Tertsch] So, based on what you are saying, the crisis is over.

[Menem] No, I am not telling you that it is over, just that we have overcome the crisis. We are going to continue the process of privatizations, and by the end of this year we are going to have an inflation rate of no more than 3.5 percent. And do not forget that we inherited a country with an annual inflation rate of 5,000 percent.

[Tertsch] Convertibility is the foundation of your economic policy, of monetary stability, and of the exchange rate. Do you think that this program can be maintained?

[Menem] At least as long as I am in office. I was asked this question back when we put out the convertibility law and set the one-to-one exchange rate (one dollar for one peso). It has been five years now, and I am always asked the same question. It is going to continue. And it is going to continue for at least four and a half years more, which is the time I have left in office.

[Tertsch] Have all of the investigations into the dirty war been conducted?

[Menem] All of the appropriate investigations have been conducted, but Argentina's last military president ordered all the documents burned. What is more, after Raul Alfonsin's administration the necessary investigations were conducted, even with the involvement of well known intellectuals. A book was compiled, "Nunca Mas" ["Never More"], with a list of missing persons (around 9,000 of them), and everyone thought that this messy business was over, but given what has happened recently, a series of cases are being reopened and investigated.

PJ's Political Dominance Viewed

95SM0363A (Internet) Argentina Gopher in Spanish 22 May 95

[Commentary by Rosendo Fraga: "Peronism Confirms Status as Dominant Force"; from EL CRONISTA COMERCIAL News Summary 22 May 95]

[FBIS Translated Text] There have been nine presidential elections in Argentina since 1946. The Justicialist Party (PJ) has won six of them, including the one this past 14 May, and thus stands as the dominant political force in Argentina over the past half century. The fact that the PJ's presidential ticket won half of the vote shows that the party has great political vitality as it approaches the 21st century.

The main reason for the PJ's electoral success is Menem's political leadership. If we analyze this in electoral terms, Menem garnered 50 percent of the vote for president, while his party's slate of candidates for national deputy won only 43 percent. In the federal capital, the PJ's presidential ticket took 41 percent, and its slate of candidates for national deputy only 20 percent. There would likely have been even fewer votes for PJ national deputies without the presidential ticket. In other words, Menem brought in votes for the PJ, not vice versa.

In 1988 Menem became the leader of a party that since 1946 had been a sort of labor party, the predominant political expression of the labor unions. In a very short time he transformed it into a working-class conservative coalition, retaining most of the working-class vote but adding to it the sectors that used to vote for the UCeDe [Democratic Center Union].

This transformation can be seen clearly if we analyze the election returns from the various districts in the capital. Whereas in the upper-class districts (Socorro and Pilar) the vote for Menem was 51.5 percent and in the lower-class districts (Villa Lugano and Cristo Obrero) 47.8 percent, the PJ ticket got only 35.7 percent in middle-class districts (Flores and San Carlos Norte). Thus, in the mid-1990's the PJ resembles the sort of political force that Germany's Christian Democrats represent, and it is no accident that under Menem's leadership the PJ has joined the Christian Democrat International as an observer, after almost a half century of remaining outside such organizations.

The Menem administration's program of economic stabilization, privatization, deregulation, and transformation, in addition to its alignment with the Western world in foreign policy has enabled the PJ to modernize. Thanks to this it has maintained its electoral vitality today a half century after it emerged on the national

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political scene. If the PJ had held onto its image as a predominantly union party, which lost it the 1983 and 1985 elections, or had tried to run against the Radical Civic Union (UCR) in the 1989 presidential election with the Social Democratic bent that the people who were defeated in the 1988 primary sought to impart to it, then Justicialism today might be suffering from the same political decline that the UCR is.

Whereas the PJ modernized under Menem, the UCR under Alfonsin's leadership did the opposite. Instead of transforming the party into a modern force with a Social Democratic slant that embraced the economic policy of stabilization and free enterprise and sought to differentiate itself through ethical and political values, he signed the Olivos Pact and second-guessed the convertibility program, thus scuttling this opportunity. As a result, Bordon and FrePaSo [Front for a Country in Solidarity], with a more modern, sounder platform, succeeded in taking over from the UCR as the political and electoral representative of society's middle class for the first time in the 20th century. The election on 14 May showed that Menem's program of modernization has enabled the PJ to project its predominance in Argentine politics into the 21st century.

Bolivia

President on Coca Eradication, Extradition Law, Economy

PY0906145195 Santa Cruz EL MUNDO in Spanish 23 May 95 p A12

[FBIS Translated Text] President Gonzalo Sanchez de Lozada stressed that Bolivia will eradicate 1,750 hectares of excess coca as demanded by the United States by 30 June. He also stated that the nation's Armed Forces will not participate in that task.

"It will not be necessary to use the military forces for this task if there is a promise on the part of the peasants to voluntarily work on the eradication of the coca, and we are working within that framework," the president stressed.

He stated that extradition is not a political problem; it is a technical-legal problem. He expressed his confidence that the negotiations on the new treaty with the United States will conclude soon, because "we are managing it at that level," Sanchez de Lozada said.

He maintained that on 22 May a new round of negotiations began in La Paz in order to achieve a technical agreement on the basis of a proposal that Bolivia made this year and a U.S. proposal that was made in 1993. These indicate that the negotiations must be kept within the technical-legal sphere because the extradition treaty refers to the joint fight against crime. The signing of a new extradition treaty with the United States was supported in March by Congress through a resolution.

He also referred to the economic problems that the government is experiencing, indicating that Bolivia is experiencing difficult times due to the fall of the dollar and the fact that all the surrounding countries have strong currencies. This has affected the cost of living at the national level.

Sanchez de Lozada stated that there will be technical and economic adjustments in the area of correct application of taxes, indicating that talks will be held with businessmen and representatives of other sectors not only to explain the situation, but also to demand stable policies and actions.

Finally, he referred to the request that Congress be transferred to Sucre, indicating that it is not viable because the country needs coordination between its legislative and executive branches. Therefore, a change of venue for Congress cannot even be contemplated, he stated.

Popular Participation Fails to Reach Remote Areas

95SM0360A Cochabamba LOS TIEMPOS in Spanish 18 May 95 p A7

[FBIS Translated Text] Rodolfo Sinani Paz, the inspector of sub prefectures and districts, has admitted that at the present time, one year following the promulgation of the Law on Popular Participation, this legislation has still not been implemented in some remote municipalities of the Department of Cochabamba in terms of the establishment of Territorial Base Organizations [OTB].

Sinani said that in the 44 municipalities in the department provision has been made for the registration of more than 2,000 Territorial Base Organizations. However, up to the present arrangements have not yet been made for the necessary legal establishment of more than 50 percent of these de facto organizations. Nevertheless, it is estimated that by October 1995, at the latest, all of the OTB's will have been legally registered.

As of the present date he indicated that 612 requests for registration as OTB's have been received in the department, of which 210 have already been legally registered, while the remaining OTB's are waiting for the necessary municipal resolutions to be approved.

Because of the unequal development of the different rural communities and some deliberate or accidentally created obstacles to the flow of information, due to the remoteness of some of these localities, there are areas in which not a single OTB has been set up or in which the process has fallen far behind. That is the case in

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some areas of the municipalities of Ayopaya, Bolivar, and Tapacari, which have recently begun to implement the Law on Popular Participation.

Meanwhile, there are other areas in the Department of Cochabamba which, because of their positive, historical development condition, have agreed to incorporate OTB's with greater facility, within the context of the popular participation program. These include the municipalities of Valle Alto, Valle Bajo, and El Tropico.

Rodolfo Sinani Paz stated that for the past month or so, once the stage of misunderstanding was past, the application of the Law on Popular Participation, particularly the establishment of Territorial Base Organizations (OTB), has been reaching the dynamic pace hoped for in many communities in the Department of Cochabamba. This is despite the fact that as of 20 April 1995 the law had already been in effect for one year.

He said that, since a larger number of communities have been making inquiries, it has been noted that an average of 20 representatives of municipalities per day have come in search of information, registration, and the legal recognition of their de facto organizations.

In the three provinces which have been furthest behind—Ayopapa, Bolivar, and Tapacari—it is estimated that about 200 OTB's have been officially recognized. However, as of the present no certificate of recognition has been issued. Requests for registration recently presented are now being handled in the respective municipalities.

At the same time, as of now 12 supervisory committees have already been established in Estaban Arce, Tapacari, Punata, and Quillacolla. This is a result of the organizational work done by the OTB's, which have the authority, social control function, and investigative power over the funds allocated to the popular participation program.

In the case of the Cercado area the process of establishing OTB's is also moving slowly. Of the 300 neighborhood organizations expected to be established, as of the present only 25 of them have obtained their certification of legal existence under the Law on Popular Participation. These 25 organizations recently requested recognition and have been registered as OTB's.

Positive Advance

Rodolfo Sinani said that, despite the fact that the process is moving forward slowly, there is positive progress being made, according to available statistics. Although there is no specific time limit provided in the law, the process of registration of the OTB's should be completed by the end of 1995. By the beginning of 1996 planning for the development of the municipalities and the need to administer and check on the implementation of public works will require the completion of the process of registering the OTB's.

He said that, at the rate recorded during the past month, and provided that this pace is maintained, the process of registration of the 2,000 OTB's involved will have been completed in the Department of Cochabamba by October or November 1995.

He said that once the difficult phase of misunderstanding was past, agrarian associations, base communities, and neighborhood committees have overcome their sensitivities regarding the concerns among the trade unions and the fear that the OTB's are intended to destroy the trade unions. They now understand that the leaders of the OTB's are their natural authorities.

On the other hand he said that the fear of taxes has been overcome, due to the fact that Article 36 of the Law on Popular Participation, which amends Law 843, provides that farmers with little land and low income and who face difficult conditions will be exempt from paying any kind of tax.

Injustices Continue in the Rural Areas

The objectives for which the Law on Popular Participation was approved, including, among others, abolishing social injustice in the rural areas and guaranteeing the participation of farmers in the Territorial Base Organizations (OTB), do not appear to have been achieved in the rural areas of the country. This was stated by Monsignor Angel Gelmi, auxiliary bishop of Cochabamba and prelate of the Valle Bajo area.

He said that, up to the present, in such areas as Tapacari nothing has been seen of the popular participation process. The economic resources planned to be made available during the 1994 fiscal year in the form of tax allocations have not been received. In other cases those funds have been used for administrative expenditures in the respective towns.

The bishop indicated that up to the present no specific benefit has been received by the various communities, particularly the most isolated ones. Not a single popular committee or OTB has been organized.

In some of the communities orientation councils have reportedly been set up. However, where there is unjust participation by the farmers the majority of these orientation councils are made up of representatives of the people from all sectors: bakers, tavern keepers, and other groups. Meanwhile the farmers' representatives in

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the cantons, which include more than 30 to 40 communities, have a smaller or equal number of delegates on these councils.

The bishop said, "In my view that is unjust." He pointed out that in many areas the advantages of popular participation and the control which members of the communes should exercise over the activities of the municipalities are totally unknown.

For example, he mentioned a community near Tapacari, where an educational center has been built. The governor of that province was asked to provide 15 school desks and has promised to do so. These have supposedly been under construction for some time, some place, in a location which no one knows and which they do not wish to identify.

Because of this kind of situation he said that in those areas there is a total sense of frustration about popular participation. The concrete reality which those provinces and communities are going through is something else. Until now the benefits of those resources which previously were concentrated on the urban areas and which were to be sent to the poorest groups under the popular participation program have not been seen.

He said that in the most isolated farmer communities the old structure of management of the towns has continued. The true voice and demands of the farmers have not been heard. The people have not been told how to take part in the popular participation program. The widely publicized representativity of the communes does not exist.

Brazil

Planning Minister Denies Rumors of Possible Resignation

PY1006014195 Sao Paulo AGENCIA ESTADO in Portuguese 1633 GMT 9 Jun 95

[Report by Rosana de Cassia]

[FBIS Translated Text] Brasilia, 9 Jun (AE) — Planning Minister Jose Serra has just denied to this agency rumors that he has resigned his position. Serra called us by telephone right after leaving President Fernando Henrique Cardoso's office. He said: "These are delirious rumors, pure fantasy." He added sarcastically: "The carnival celebrations are over." Serra did not want to attribute the rumors to the disagreements that he has reportedly been having with his colleague, Finance Minister Pedro Malan, as a result of a leak of information about the provisional measure reducing quotas for vehicle imports. Serra said that the rumors had been spread by "people who are interested in speculating on the stock market."

Government Fires Trade Official Over Remarks on Mercosur

PY1006014095 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jun 95

[FBIS Translated Text] Jose Tavares de Araujo Junior, executive secretary of the Chamber of Foreign Trade, was dismissed today.

Speaking to reporters yesterday, Tavares said — among other things — that it was irresponsible to set a five-year deadline to implement the Common Market of the South [Mercosur]. He said he is in favor of a gradual implementation of Mercosur. He described the Common External Tariff, CET, as crazy.

Today, shortly before noon, Tavares was summoned to the fourth floor of Planalto Palace and was told by Clovis Carvalho, chief of the civilian household, that he had been dismissed from the government team.

Presidential spokesman Sergio Amaral said today in Porto Alegre that the administration rejects Tavares' remarks describing the Mercosur CET as crazy.

[Begin Amaral recording] The administration rejects the remarks made by Mr. Jose Tavares about the CET. Those remarks reflect only Tavares' personal opinion, and in no way reflect the position of the administration, which hereby flatly disavows him.

On the contrary, the administration believes that the CET and the conclusion of this important stage in Mercosur represents a very special time for the economic opening process. The administration supports and will continue to support this opening process. This is also a very important moment in the process of political integration within Mercosur, to which President Fernando Henrique Cardoso has lent his full support. [end recording]

Amaral added that he does not believe Tavares' remarks would reflect the thinking of Brazilian businessmen.

[Begin recording] Although Brazilian businessmen have made some criticism and expressed some doubts regarding the integration process — some of which are legitimate, as the administration itself has conceded — no one has ever questioned either the Mercosur process or the CET.

I believe that Mr. Tavares, who has a deep knowledge of foreign trade and who is an advocate of economic opening, just made an unfortunate remark that does not even reflect his personal conviction. [end recording]

[Sao Paulo AGENCIA ESTADO in Portuguese at 2256 GMT on 9 June in a 300-word item datelined Brasilia adds: "Administration sources noted that, in addition to

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being contrary to the administration's policy, Tavares' remarks came at a very delicate time in Brazilian diplomatic relations with Argentina, which is concerned about the Brazilian decision to set up a system of quotas for auto imports, a topic that was included on the agenda for today at the Chamber of Foreign Trade."]

Editorial Claims Oil Amendment Will Change Nothing

PY0906230595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jun 95 p A3

[Editorial from the "Notes and Information" page: "The Victory of a Technocratic Structure"]

[FBIS Translated Text] The amendment easing the petroleum monopoly was approved on 7 June by a large majority, as expected by the Executive Branch. There was, however, an occurrence that no one expected. According to those close to the president — who did not expect the voting to take place in an atmosphere of strong commotion, if not of serious agitation — the occurrence will darken a victory the president, in haste, took for granted. The atmosphere was so serious that at 1700, Senator Jose Sarney, the president of Congress, asked the Federal District governor to adopt measures (probably security measures) to prevent those demonstrating against the approval of the government-sponsored bill from vandalizing public facilities. The atmosphere of disruption was felt early in the afternoon, when demonstrators opposing the amendment broke the windows of one of the Congress doors, overwhelming security guards on their way into the Chamber of Deputies. Reports suggest that the situation worsened later. Disturbances even reached the plenary session hall —whose crowded galleries applauded those who defended the Petrobras [Brazilian Petroleum Corporation] monopoly, and booed those who supported the government bill. Furthermore, one deputy accused the amendment's rapporteur of unethical behavior, because he received $40,000 from a private petroleum enterprise to finance his electoral campaign.

The result of the vote proved the president right. On 6 June, betting on his certainty in victory, he said a page in the history of the country has been turned. His words were reflected by facts, despite the restrictions that the legislative text of such a significance suffered in the committees and in the plenary sessions in the Chamber of Deputies, with the support of Planalto Palace — that is, of the president. There is, however, a worrisome side. Incidentally, one may wonder if it should be considered normal. The technocratic structure of Petrobras is reflected by those who demonstrate on behalf of sovereignty and of Petrobras' untouchability; by those who claim it is necessary to recall the history of and the profits (reals) made by Petrobras through its advanced drilling technology in deep waters; and by those who shout that the amendment will "privatize" Petrobras or deliver gas and petroleum deposits as a guarantee for the foreign debt — some people did actually make this staggering remark over the radio on the morning of 7 June. We said there was a worrisome side. This time the government did everything it could to quell the claims, making all the concessions it could to the Petrobras technocratic structure. With telecommunications, however, the government has not made it clear it would adopt the same procedure. The same thing happened with former President Ernesto Geisel, whose government had to resort to risk contracts, which in the long run produced a Constitutional regulation prohibiting Brazilians and foreigners from losing money prospecting for oil...

During a lunch at Jaburu Palace on 6 June, the Executive Branch yielded to the power of the Petrobras technocratic structure. On that occasion, reference was made not to a new legislation but to a modification of Law 2004/53, which created the petroleum monopoly, making Petrobras the exclusive monopoly operator. On 7 June, however, the government yielded everything. One should wonder why, after defeating the political opposition in Congress and after the definition of the "social-democratic neoliberalism" of President Fernando Henrique Cardoso, the government made a big noise over easing the petroleum monopoly just to leave everything unchanged...

The words of public men are trustworthy, even more so the documents that they release. Early on the afternoon on 7 June, the government leader in the Chamber of Deputies released a document outlining (an understatement!) the petroleum policy in Brazil following the approval of the amendment by Congress. The document states that the Union will maintain its strategic participation in petroleum production through Petrobras, which will continue to exist under the Union's share control. It adds that in the areas already established by Petrobras, no new concessions for prospecting and exploitation will be granted to private enterprises (or foreign state-run companies). The document notes that Petrobras will tell the executive branch about the prospected areas it would like to exploit with its own technological and financial resources. It notes that in tenders for granting concessions, Petrobras will always enjoy preference in case of equal offers. Senator Roberto Freire should now be thinking why he wanted to submit an amendment establishing that everything should be done through Petrobras. But the president (who is represented by the government bloc leader) had already done all this for the illustrious senator and president of the PPS [Popular Socialist Party].

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In fact, we are witnessing another victory of the Petrobras technocratic structure — not of oil workers, whose unions risk having to pay enormous sums to the Treasury. So, have things actually changed? Did things by any chance change as a result of the risk contracts during the Geisel government? As nationalists put it, the Petrobras technocratic structure is untouchable.

A second vote at the Chamber of Deputies is now scheduled, before passing the bill to the Senate. Like in the past, one can see that a lot of noise has been made over nothing.

Chile

Gen Contreras Leaves Ranch Refuge for Sangra Regiment

PA1106164995 Paris AFP in Spanish 1615 GMT 11 Jun 95

[FBIS Translated Text] Santiago, 11 Jun (AFP) — Chilean General Manuel Contreras, who was sentenced to prison for the assassination of former Socialist Foreign Minister Orlando Letelier in Washington, left the refuge of his Viejo Roble ranch in southern Chile on Sunday for a military garrison, reliable sources have reported.

Contreras left at dawn with family members, unnoticed by the policemen guarding the ranch, and went to the Sangra Regiment in the neighboring city of Puerto Varas, the same sources added.

This new situation surrounding the retired general, who refuses to go to prison, comes 13 days after the Supreme Court sentenced him to seven years for one of the most significant political crimes committed during the previous regime of General Augusto Pinochet.

Reports gathered in the zone, 900 km south of Santiago, indicate that the general decided to leave his ranch in view of the presence of dozens of police agents who were going to carry out the arrest order.

In its 30 May ruling, the Supreme Court also sentenced Brigadier Pedro Espinoza to six years in prison. Espinoza remains in the Army ranks under the command of Pinochet.

Following that verdict, Contreras remained at the ranch near Puerto Varas and Puerto Montt and declared he would not go "to any prison." He reiterated this indirectly Saturday night when he met with a group of Chilean demonstrators who pledged their support. "I have lost a battle but not the war," stated the former chief of DINA [National Intelligence Directorate], the political police of Pinochet's Government whose agents assassinated the former Chilean foreign minister in the heart of Washington on 21 September 1976, according to investigations conducted in Chile and in the United States.

Contreras' Son Reports Clashes With Police at Ranch

PA1106204195 Madrid EFE in Spanish 1948 GMT 11 Jun 95

[FBIS Translated Text] Santiago, Chile, 11 Jun (EFE) — Manuel Contreras Valdebenito, son of retired General Manuel Contreras, former chief of the Chilean secret police, confirmed that in the predawn hours of this morning, Sunday, a clash took place at the large ranch where his farther was staying before he decided to go to an Army garrison.

Before entering the "Sangra" regiment in Puerto Varas, 1,024 km south of Santiago, which his father entered in the predawn hours of this morning, Contreras Valdebenito said he was unable to sleep all night due to the clash with the Civilian Investigative Police. Gen. Contreras was sentenced to seven years in prison for the murder of former Chilean Foreign Minister Orlando Letelier,

"I was unable to sleep thanks to those wretched souls who like to be smart and enter other people's property," replied Contreras when questioned by the media in the area.

Contreras Valdebenito confirmed that more than 100 shots were fired. "At least I waited to see some of them in front of me to shoot them for entering my home, my place," he said.

Two hours earlier, Police Prefect Luis Cariz, head of public relations of the Civilian Investigative Police, had denied that his detectives were en route to the Contreras ranch Viejo Roble to notify him of the sentence.

Supreme Court Judge Adolfo Banados issued the so-called "compliance" ruling on Thursday.

Government Communique: Army Authorized Contreras Move

PA1106190495 Paris AFP in Spanish 1810 GMT 11 Jun 95

[FBIS Translated Text] Santiago, 11 Jun (AFP) — The government of Chilean President Eduardo Frei has issued a communique explaining that General Manuel Contreras' sudden move to a military garrison was authorized by the Army.

Contreras left his Viejo Roble ranch, 900 km south of Santiago, on Sunday morning, 13 days after the Supreme Court sentence him to seven years in prison for

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the assassination of former Socialist Foreign Minister Orlando Letelier.

Evading the tight police security around the farm, the retired military man entered the Sangra Regiment in the neighboring city of Puerto Varas.

The communique by the Government General Secretariat says Contreras' move "was authorized by the respective military authorities."

The Chilean Army is under the command of General Augusto Pinochet, under whose authoritarian regime (1973-90) Contreras headed the DINA [National Intelligence Directorate], the secret police force that waged a war against leftist subversives.

Letelier, who since his exile in the United States was an active opponent of Pinochet, died in downtown Washington when a bomb exploded under his vehicle on 21 September 1976.

Frei: Government Informed About Contreras' Events

PA1206010695 Mexico City NOTIMEX in Spanish 2252 GMT 11 Jun 95

[FBIS Translated Text] Santiago, 11 Jun (NOTIMEX) — Chilean President Eduardo Frei said today that ' 's government has been informed of all the major events related to the arrest of retired General Manuel Contreras, who has been sentenced to jail on the Letelier case.

Frei said to reporters that the government has been following the events since the start, when Contreras decided to enter the Sangra Regiment, located in the vicinity of the retired general's Viejo Roble farm, the place in which the general had entrenched himself.

"The government has placed all its information at the disposal of Adolfo Banados, the judge in charge of the case, so that justice can be the one to act. Everything is in the hands of the law and Judge Banados," the president added.

Prefect Luis Cariz, the spokesman for the police investigation office (civilian), denied that personnel from his institution participated in a clash at the Contreras farm early this morning, as had been reported by the sentenced general's son, Manuel Contreras Valdebenito.

Shortly before entering the Sangra Regiment, Contreras Valdebenito asserted that he had been unable to sleep all night because armed men had entered his estate. "They were from the investigative police because officers [carabineros] don't do this," he added. Contreras Valdebenito reported that there had been an exchange of shots, "approximately 100," with the armed men who entered the Viejo Roble farm around 0700 GMT.

Prefect Cariz emphasized: "I want to categorically deny that personnel from this institution participated in the alleged shootout reported by Mr. Contreras Valdebenito."

Ret. Gen. Contreras entered the Sangra Regiment at approximately 1100 GMT. The regiment is located on the road between Puerto Montt and Puerto Varas, approximately 1,000 km to the south of Santiago, the capital city of Chile.

Contreras, accompanied by close relatives, abandoned his farm in one of his vehicles, but entered the Sangra Regiment with only two aides.

Local televisions stations reported later that Contreras had left the Sangra Regiment to return to his farm, where he entrenched himself and declared that he would never go to any jail, thus rejecting the court's ruling that he go to jail in the Letelier case.

On 30 May, Contreras, chief of the defunct National Intelligence Directorate during the former military regime (1973-90), was sentenced to seven years in jail for the murder of former Chilean Foreign Minister Orlando Letelier; an event that took place in Washington in September 1976.

Brigadier Pedro Espinoza, who used to be Contreras' deputy and is currently in active service, was also sentenced to six years in prison during that same trial.

New Subordinated Debt Rules Approved

95SM0350A Santiago EL MERCURIO in Spanish 10 May 95 p C3

[FBIS Translated Text] Valparaiso—The Chamber of Deputies last night unanimously approved (83 votes in favor, one abstention) the changes introduced by the Senate into the bill that prescribes a new method for dealing with the subordinated debt—estimated to total $4.2 billion—that seven private banks owe the Central Bank of Chile.

The initiative began its legislative journey in August 1993 as one part of a bill that also provided for the modernization of banking practices and authorized the financial sector to engage in new types of business activity, pursuant to a political accord that had been reached in the Congress among the government, Concertation, and the opposition. With its viability thereby ensured, the bill was separated into its constituent parts in October of last year; everything that related to the subordinated debt was left as a separate bill, with the aim of speeding up its approval and dispatch by Parliament.

The principal change that this bill makes with regard to the subordinated debt is the establishment of a

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maximum period of 40 years for its payment to the Central Bank of Chile. Ever since 1989 the debtor banks have had no definite time limit for meeting this obligation; instead, they have been been dependent on the disposability of their surpluses.

Moreover, the bill ensures payment of the subordinated debt within the established time limit by making it possible for shares of the stock of the debtor banks to be delivered to the Central Bank. The bill also includes a complex of other provisions designed to regulate the diverse situations that will arise in connection with the operation of the system that is established, which the debtor banks are free to adopt on a voluntary basis.

The subordinated debt has persisted since 1982, when the Central Bank purchased the portfolios of past-due and uncollectable loans of 19 banks that were impacted by the financial crisis afflicting the nation at the beginning of the 1980's. The rules for payment of the debt were established in 1985, together with time limits that varied in accordance with the diverse situations of the debtor banks. Law 18,401 was enacted to permit the automatic capitalization of the dividends of the debtor banks.

In order to have recourse to the provisions of this bill after it becomes law, a debtor bank must approve an agreement to that effect at a special meeting of its stockholders, by absolute majority vote of all the stock that carries voting rights.

This new method for payment of the debt obligates banks that choose this option to make minimum payments, the amounts of which will be established by the Central Bank. If a debtor bank fails to make the minimum payment permitted by this law, it is required to make a supplementary payment in the form of stock delivered to the Central Bank, which will hold the stock for a specified period (one year) and then offer it on the market, with the bank's stockholders having the first option to buy. The Central Bank will then apply the proceeds from the sale toward extinction of the debt.

In the Senate, the bill underwent major improvements based on the ideas that had been debated in the Chamber of Deputies, especially those relating to prepayment of the debt and to capitalization.

The law changes the system of capitalization used by the banks that owe subordinated debt. This system—which is prescribed in Article 10 of Law 18,401—has been causing a depletion of the assets of the Central Bank. The new law accomplishes this change by establishing a mechanism to make the lack of discretion compatible with protection of the assets of the bank of issue [the Central Bank] by means of two methods of payment, as follows:

The first method allows banks that owe subordinated debt to freely capitalize their surpluses—depending on their needs and expectations—at market value. The second method allows banks to create so-called "mirror" companies (a parent company, a banking company, and a company that manages the debt) by means of which the debtor banks can capitalize (also freely) their surpluses either at market value or at book value, because in this case the Central Bank will share in the capital stock of the debt management company and will therefore—in a sense—be a partner with respect to the capitalizations.

A method of prepayment is also established, to avoid having to wait until possibly the year 2035 for the problem to be resolved. This method would permit the banks—without causing harm to the Central Bank—to obtain funds on the national and international markets and make their advance payments to the bank of issue a) in the form of negotiable demand documents that the Central Bank must certify; b) by making cash payments toward their obligation of future payment; or c) by redeeming—at the market price—their stock that had previously been deposited as security.

Given the fact that the financial system is considered to be crucial to the nation's development, it is believed that the greatest merit of this law is that it definitively clarifies the problem of the subordinated debt and thereby enables the banks that are subject to this obligation to participate without difficulty in the activities of the national and international financial markets.

Debate on the Floor of the Chamber of Deputies

After analyzing the Senate's changes, the Committee on Public Finances yesterday afternoon approved them unanimously and sent the bill to the floor, where it was debated and passed by a vote of 83 yeas and one abstention (Alejandro Garcia-Huidobro, UCCP [expansion not given]). By this action, the National Congress dispatched the bill for conversion into a law of the Republic.

During the debate in the Chamber of Deputies, an analysis was made of the scope of the changes introduced by the Senate—especially the provision for creation of the so-called "mirror" companies to facilitate the capitalization of profits—and also the rules governing prepayment by the debtor banks.

In general terms, the belief was expressed that the bill approved by Parliament offers a satisfactory solution to the problem of the subordinated debt without detriment

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to the assets of the Central Bank. Confidence was expressed that all financial institutions bound by this obligation will choose this new method of payment.

The opinion was also expressed that the disputes concerning the subordinated debt will be resolved by agreement among the parties with due respect for the applicable rights and due protection of the public interest. Several deputies who participated in the debate called attention to a challenge that remains to be met: namely, the need to provide regulations that will permit modernization of the banking system and authorize the financial sector to engage in new business activities. The deputies indicated that this situation must be resolved as speedily as possible.

Colombia

Cali Cartel Leader Gilberto Rodriguez Orejuela Captured

PA0906220695 Madrid EFE in Spanish 2132 GMT 9 Jun 95

[FBIS Translated Text] Cali (Colombia), 9 Jun (EFE) — Colombian authorities today captured Gilberto Rodriguez Orejuela, considered the top leader of the Cali Cartel, official sources have reported.

The arrest of Rodriguez Orejuela, alias "El Ajedrecista" was made during a police operation at an apartment in the Santa Monica building in the northern zone of Cali, the same official sources reported.

More on Cartel Leader's Capture

PA0906224395 Madrid EFE in Spanish 2149 GMT 9 Jun 95

[FBIS Translated Text] Cali, Colombia, 9 Jun (EFE) — Gilberto Rodriguez Orejuela, the Cali Cartel's top leader, was captured in this city, located in the country's southeast, during a search in a high class building today, official sources have reported.

Rodriguez Orejuela, 56, was captured by the Search Bloc, which is made up of special forces of the Army, the Police, and intelligence agencies, in the Santa Monica building in Cali's northeastern area.

The capo, regarded as the number one man of the Cali cocaine cartel, will soon be transferred to Santa Fe de Bogota, police sources have reported.

Jorge Eliecer Rodriguez Orejuela, brother of the Cali Cartel head, was captured by the Search Bloc on 3 March.

Gilberto, together with a third brother, Miguel, and drug traffickers Jose Santacruz Londono, Helmer Herrera Buitrago, Phanor Arizabaleta, and Henry Loayza, run the organization.

The Colombian authorities had not dealt such a heavy blow on a drug—trafficking bigshot since the death of Pablo Escobar Gaviria, head of the now defunct Medellin Cartel, on 2 December 1993.

Rodriguez Orejuela's arrest and transfer to Santa Fe de Bogota are taking place at a time when the U.S. authorities are demanding from Ernesto Samper's government a greater effort in fighting drug trafficking.

Official sources of the Colombian police have reported that the authorities will hold a news conference to give details of Rodriguez Orejuela's capture.

Prosecutor General Interviewed

PA0906231895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2155 GMT 9 Jun 95

[Interview with Colombian Prosecutor General Alfonso Valdivieso by unidentified reporter in Santa Fe de Bogota; monitored in progress — live relay]

[FBIS Translated Text] [Reporter] ...change in the struggle against drug trafficking and the Cali Cartel, and in response to the diligence and the work and honesty demonstrated by the Prosecutor General's Office, especially by you, it has been said that if Colombia were to capture the Cali Cartel bosses, the United States is ready to deliver the evidence and documents that exist in U.S. legal offices against these drug bosses. Do you think this will happen at this time?

[Valdivieso] Yesterday, I heard a statement made by Janet Reno herself. I think today's arrest was a great coincidence. We had been making progress in a very encouraging way to fully renew our exchanges of evidence. These exchanges have been renewed in some old cases, and evidence will be received. I believe such exchanges will be fully renewed for all cases — that is, all cases requiring recent evidence. This means we are moving toward a normalization of judicial exchanges. This is very vital when dealing with criminal organizations, because we not only need evidence, but in many cases this evidence is critical to proving our case.

[Reporter] Have you talked to the president about this arrest? Have you talked to the U.S. ambassador to Colombia, Mr. Prosecutor General, or have you not had time?

[Valdivieso] I have already talked with the president. We talked some time ago, when I received the first reports. We report this event with satisfaction.

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[Reporter] Were there agents from your office at the scene the moment Search Bloc units entered the Santa Monica neighborhood house and found Gilberto Rodriguez Orejuela?

[Valdivieso] I beg your pardon.

[Reporter] Did agents from your office participate in the operation to capture Gilberto Rodriguez?

[Valdivieso] Certainly. All of these operations must not only be authorized by a prosecutor, a prosecutor must also be present during the operation. This is one of the characteristics of these raids, as well as of all judicial procedures in this phase.

[Reporter] In view of the capture of Gilberto Rodriguez, what would you like to tell Miguel Rodriguez Orejuela, Mr. Jose Santacruz Londono, Mr. Pacho Herrera, and others who have been accused of being bosses of the Cali Cartel and who remain at large?

[Valdivieso] This is a very special moment in the struggle against drug trafficking. I think those who are involved in these activities must understand that the Colombian state and institutions have adopted a decision, and this decision is to bring these people to justice, and they must realize that the obvious alternative they have is to contribute to a process of reentering society by obeying the legal system in order that penalties may be applied according to the seriousness of the crimes they have been committing.

I think that the continuation of an activity that is self-destructive in Colombia is foolish. Those who continue to engage in this activity must realize that society will not be undermined by the designs of any criminal organization.

[Reporter] It has been said that Gilberto Rodriguez Orejuela initially will be imprisoned in a military barracks for security reasons. Will he be transferred to a maximum security prison later, and will this prison be in a Valle Department municipality, or will he eventually remain in Santa Fe de Bogota?

[Valdivieso] For the time being, I believe he should stay in Santa Fe de Bogota, but we will discuss which site will be more appropriate and secure with [words indistinct] so that we have a decision on what will be the final prison site.

[Reporter] How is the Prosecutor General's Office going to guarantee due process for and respect the legal rights of Mr. Gilberto Rodriguez Orejuela?

[Valdivieso] I believe these guarantees have always been our objective, and I believe we cannot make exceptions in due process. This is a condition under which Colombian justice operates. In this case, the Prosecutor General's Office cannot have any doubts.

Envoy Comments on Capture

PA1006011695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2214 GMT 9 Jun 95

[Telephone interview with Colombian Ambassador to the United States Carlos Lleras De La Fuente, in Washington, by Guillermo Rodriguez, in Cali, and Dario Arizmendi, in Santa Fe de Bogota — live]

[FBIS Translated Text] [Rodriguez] Mr. Lleras, you are already aware of the news that Gilberto Rodriguez Orejuela was captured. Have the U.S. media and the major networks reported the news? Good afternoon, ambassador.

[Lleras] Good afternoon, how are you?

[Rodriguez] Fine.

[Lleras] I believe the news has not reached the media yet, although it did reach the U.S. Administration. We are waiting for the news conference President Ernesto Samper will hold, a conference that will probably yield the corresponding bureau bulletins and the press bulletin that will be issued by the Presidency of the Republic. However, the entire U.S. Administration already knows. I personally talked to all departments. They are pleased with the news. I have received the most sincere congratulations for the Colombian Government, people, and the public forces from all these departments.

[Rodriguez] I suppose, Mr. Ambassador, that this capture is pleasing for the one person who is heading the Colombian diplomacy in Washington, because a few hours ago, harsh voices, as that of General [title as heard] Jesse Helms, were still [word indistinct] a country as ours. I believe this news closed all the chapters of what Colombia was doing in this field, didn't it?

[Lleras] Well, there are many aspects to consider. This week has been one of the best in the last few months. The Colombia Congress passed the law that makes money laundering a crime. Second, we were able to eliminate, along with the U.S. Senate's Foreign Relations Committee, a great deal of the laws that were hostile toward Colombia, and this constituted another great achievement for us. Then, to end this wonderful week, we have the capture of one of the main leaders of the Cartel. This capture proves, over and over, how efficient, sincere, clear, and continuous the policies of President Samper and the government have been and leaves no doubts whatsoever in the minds of those who were skeptical of this campaign. I believe we have ended a wonderful week.

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A few minutes ago, I talked to the senators of the Foreign Relations Committee to inform them of this capture, which will undoubtedly let us modify even more the bill on which the U.S. Senate was working.

[Rodriguez] I cannot resist asking you a question, Dr. Lleras. We suppose that with all this signing of the certification, we will go beyond the fact that Colombia does this because it is convenient and good for the interests of the country [sentence as heard]. There will be no doubt on the certification and the thousands of documents the Congress, the executive branch, and the judicial sector have to issue. We suppose, Mr. Ambassador, that you will begin receiving, via diplomatic means, the evidence U.S. authorities have against these alleged criminals who were captured today at the capital of Valle Department.

[Lleras] I have the impression that there will be a major change in this field. The certification is a continuing fact, and as you well know, it is a law that concerns all countries. On the other hand, despite the capture of Gilberto Rodriguez Orejuela, Colombia has to continue implementing President Samper's plan, as he has already announced, regarding the eradication and search for the other drug-trafficking leaders. So, this is a great success that does not mean we will lower our guard, as the President has said and will repeat. We will continue this fight, demonstrating excellent results as we have been demonstrating in all fields.

[Rodriguez] [words indistinct] a question by Don Dario Arizmendi. Don Dario.

[Arizmendi] Thank you very much, Guillermo. Regards to Ambassador Carlos Lleras. We would like to know, Mr. Ambassador, if you believe that now that Mr. Gilberto Rodriguez Orejuela is in prison, the U.S. Government and its justice administration will cooperate with the Colombian Government and justice by providing the evidence and all the legal documents in U.S. hands, as U.S. Attorney General Janet Reno said yesterday at a news conference and as U.S. Ambassador to Colombia Myles Frechette pledged 48 hours ago. As you thoroughly know the U.S. Government, do you think this will happen? Do you think they will cooperate with Colombian justice to be able to fully prosecute Mr. Gilberto Rodriguez.

[Lleras] Yes, I just talked to Ms. Reno, who told me she was pleased with this victory of the government, people, and public force. On the other hand, she told me that the U.S. Government is willing to cooperate with the Colombian Government in all matters regarding the prosecution of the criminals that were captured today by the public forces.

[Arizmendi] How do you think Senator Jesse Helms will react to this evidence on the fight against drug trafficking by the Colombian Government?

[Lleras] Well, the truth, as you may already know, is that we were already working with Senator Helms in such a manner that the bill Congress was discussing have been largely modified. We had already been working with the State Department and the Democratic and Republican parties, including Senator Helms, who had already renounced to [words indistinct] that were included in this bill. Thus, the work had been done in agreement with him. In light of these events taking place today, I believe it will be easier to work toward completely eliminating this [words indistinct] the bill the Senate is discussing.

[Arizmendi] In other words, you are optimistic that the U.S. House of Representatives will act differently. There was or there is a better attitude toward Colombia there. With this move by the government of President Samper, is it quite likely that what has to do with Colombia will be completely different from what was happening at the Senate?

[Lleras] The bill the House of Representatives is discussing does not contain any offensive or threatening action against Colombia. When this bill probably reaches the joint conference committee of the Senate and the House of Representatives, any special conditions on Colombia in the foreign aid program will disappear.

[Arizmendi] Do you trust in the attitude the U.S. media, tonight's television newscasts, and tomorrow's newspapers will take? Do you believe news justice will be done?

[Lleras] I think so, because this is the type of event that really constitutes news, especially since it is a hot news item following the capture of the cartel's lawyers in Miami. This news come at a good psychological moment for Colombia to receive an excellent promotion in this regard.

[Arizmendi] Ambassador Lleras, thanks for your statements to the Caracol Network.

Government Minister Comments

PA1006150995 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1200 GMT 10 Jun 95

[From the "Morning Television" newscast]

[FBIS Translated Text] In Bucaramanga, the capital city of the department of Santander, Government Minister Horacio Serpa Uribe reacted positively to the arrest of Cali Cartel leader Gilberto Rodriguez Orejuela. Let us listen to what he had to say:

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[Begin recording] [Serpa Uribe] We are very pleased and delighted. We are congratulating the police, military, authorities, the defense minister, as well as the prosecutor general. In fact we are sending congratulations to all those who made it possible for this arrest, which has tremendous significance, to become a reality.

[Unidentified reporter] Mr. Minister, what does the Colombian Government now have to say in light of criticism from the United States?

[Serpa Uribe] I believe the question should be what the detractors in the United States now have to say about Colombia. I reiterate, once again, the Colombian Government, its authorities, and the population's determination to fight against drug-trafficking and criminal activity has been corroborated. [end recording]

Samper: Cali Cartel Leader's Capture 'Great Victory'

PA1006000195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 2300 GMT 9 Jun 95

[Speech by Colombian President Ernesto Samper at the presidential palace in Santa Fe de Bogota — live relay]

[FBIS Translated Text] Just this afternoon, in an operation conducted by the Search Bloc, Mr. Gilberto Rodriguez Orejuela, top leader of the Cali Cartel, was captured.

This is a great victory for the Colombian nation, which has once again proven its commitment to justice and peace. It is also a victory for the entire counternarcotics policy that I announced when I took office as president of the Republic, and which we will pursue until we have definitively eradicated this scourge, which has harmed the Colombian people so much. [applause]

This afternoon, I wish to congratulate the Special Joint Commando Force and its members from the Police, Army, and DAS [Administrative Department of Security], as well as the Office of the Prosecutor General of the Republic. Colombia and the international public once again are proud of your work. This is the beginning of the end of the Cali Cartel. We are not going to relent until we have totally eradicated this problem in Colombia. The entire world can rest assured that we are going to continue the struggle.

Allow me at this hour to reiterate the need to strengthen international cooperation in the struggle against drug trafficking. To reduce its formidable dimensions, it is essential for every nation affected by its tentacles to work with the same efficiency and determination with which Colombia is struggling against drug consumption, trafficking, production, money laundering, and against the rerouting of precursor chemicals. The time has come to intensify a truly multilateral strategy by all of us for the benefit of all.

To conclude, I wish to renew my confidence in Colombia. We are going to prove that we are a nation of good people, a land that is sterile for organized crime and fertile for justice. We are also going to prove that we are a hard-working people, a people capable of overcoming every adversity through sacrifices and work. Thank you very much. [applause]

Urges U.S. To Forward Proof Against Rodriguez

PA1006192695 Paris AFP in Spanish 1429 GMT 10 Jun 95

[FBIS Translated Excerpt] Bogota, 10 Jun (AFP) — President Ernesto Samper Pizano has urged the U.S. Government to forward the proof it has against Gilberto Rodriguez Orejuela, the top leader of the Cali cocaine cartel captured on Friday at a luxury residence in the Cali, a city located in the country's southwestern region.

In remarks to the "CM&" television newscast on Friday [9 June] night, a few hours after the drug lord's arrest by an elite police command unit, the president said he hoped the United States will forward the proof it has on Rodriguez Orejuela (alias "the Chess Player").

Samper, who voiced satisfaction over the arrest, admitted that it will help normalize the tense relations with Washington, which, since the time he took office last year, have been growing worse because the Bill Clinton administration felt there was little cooperation from Colombia in the struggle against drug trafficking and, especially, against the Cali Cartel. [passage omitted]

Government Rules Out Extradition of Cartel Leader to U.S.

PA1006014495 Mexico City NOTIMEX in Spanish 2342 GMT 9 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 9 Jun (NOTIMEX) — The Colombian Government today ruled out the possibility of Cali Cartel capo Gilberto Rodriguez Orejuela, who was captured this Friday [9 June], being extradited to the United States, where he faces drug-trafficking charges. Prosecutor General Alfonso Valdivieso reminded everyone that the 1991 Constitution forbids sending Colombian nationals to other countries to face charges.

Rodriguez Orejuela, 56, was captured in a high class building in Cali, 530 km from Santa Fe de Bogota, by the Special Joint Command, a special Army and police group created to combat drug traffickers. "I think this commando's work is to be commended, because it

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captured one of the most wanted criminals and showed that no criminal can escape the law," he said.

He added that several warrants of arrest had been pending against Rodriguez Orejuela and that several interrogation orders will be fulfilled in the next few hours after he is taken to Santa Fe de Bogota.

Rodriguez Orejuela is regarded as the number one man of the Cali Cartel, together with his third brother, Miguel, who is a fugitive and is suspected to be living in the same area where his brother was captured.

In addition to the Rodriguez Orejuela brothers, authorities are after reported drug traffickers Jose Santacruz Londono, Henry Loaiza, and Fanor Arizabaleta, members of the Cali Cartel's uppermost clique.

Lawyer: Rodriguez Planned To Surrender 'This Week'

PA1006191695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 10 Jun 95

[From the "Cripton Newscast]

[FBIS Translated Text] One of the lawyers of Gilberto Rodriguez Orejuela appeared on the scene immediately after the arrest of the Cali Cartel leader was announced. He said El Ajedrecista ["the Chess Player," Rodriguez Orejuela's nickname] had planned to surrender in a few days.

[Begin recording] [Amaya Edward Amaya] City: Cali. Time 1630. Lawyer Dario Garcia Salgado received an urgent telephone call. They got my father, fly now to Bogota. That is what he heard, and how he learned about the capo's arrest.

Bogota: 2330. The lawyer, accompanied by a human rights official, arrives at La Picota maximum security prison. There, he disclosed that paradoxically Rodriguez Orejuela had planned to surrender this week, but the authorities got ahead of him.

Who contacted you?

[Garcia] A relative of his.

[Amaya] A brother?

[Garcia] A son.

[Amaya] What did he tell you? What words did he use to contact you?

[Garcia] To please come and handle the situation.

[Amaya] It was officially stated Mr. Rodriguez was going to surrender to the authorities soon. Are you aware of that?

[Garcia] We had thought about that. We were studying that option. He will certainly be able to give a more complete answer after talking.

[Amaya] In the early morning hours, at 0230, prison officials did not let the human rights official and his lawyer enter the maximum security ward to visit Gilberto Rodriguez.

[Unidentified human rights official] Call the warden.

[Unidentified prison official] [Words indistinct]

[Human rights official] Yes, please. We are leaving a note that showed we have been here.

[Garcia] We left a note that showed we had been here, and immediately began an investigation into this. [end recording]

Police Release Videotaped Statements

PA1106035895 Madrid EFE in Spanish 0218 GMT 11 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 10 Jun (EFE) — Drug trafficker Gilberto Rodriguez Orejuela, who was captured Friday [9 June], today said he was thinking of surrendering, because he could not stand "so much pressure" from authorities. He added that he will not declare war on the state, because no criminal group has ever won such a war.

"People must think of surrendering to justice, and I was thinking about it, because one cannot stand so much pressure. Moreover, you (the police) have all of the weapons and can gain entry anywhere at any time. You can use any vehicle and seize everything," Rodriguez Orejuela explained in a videotape recorded by police and broadcast on television.

Rodriguez insisted it is a mistake to declare war on the state, as did Medellin Cartel "capo" Pablo Escobar, who was slain by police in 1993.

"I have always said that no criminal organization can ever win a war against the state. Never. Throughout history, this has never happened, and the forces of order always win, except when there is an ideological dispute," added Rodriguez Orejuela, alias "El Ajedrecista."

According to Rodriguez Orejuela, a criminal would be mistaken if he "believes he has something to gain from killing a police officer, because the next day he will find 10 more."

"I have always had good a opinion of the police.... I have never felt hatred toward the police, because there has been mutual respect between the police and me," he added.

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"El Ajedrecista" said the Colombian police never sold out, neither during the Escobar era in Medellin nor later during their pursuit of the Cali Cartel. In Medellin, according to Rodriguez, "the Army sold out, and that bandit (Escobar) was able to live as long he wanted because of it. However, the police never did this, and they were the ones who caught him there."

The alleged leader of the Cali Cartel, who has been accused of distributing 80 percent of the cocaine consumed in Europe and North America, appeared calm and even occasionally good-humored in the police videotape. The videotape was apparently recorded during "El Ajedrecista's" testimony, which began today in the maximum security wing of a penitentiary in the Colombian capital.

Prosecutor General on Legal Status of Rodriguez Orejuela

PA1006193095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 10 Jun 95

[Report by Juan Carlos Sosa; from the "Crypton Newscast"]

[FBIS Translated Text] With respect to the legal status of Gilberto Rodriguez Orejuela, Prosecutor General Alfonso Valdivieso commented as follows:

[Begin recording] [Valdivieso] Investigations have progressed considerably, even while Rodriguez was accused in absentia, and the Office of the Prosecutor General believes that it has sufficient solid evidence to prove its charges. Without any doubt he will be questioned by using the same mechanisms applicable to any individual who is being accused by the country's justice system.

[Unidentified reporter] When will Rodriguez Orejuela be interrogated?

[Valdivieso] According to the law, he must be interrogated 72 hours after having been turned over to the prosecutor general. It is my understanding that the 72 hours are now running, which means that he will most likely be interrogated on Monday [12 June]. [end recording]

Foreign Minister Interviewed on U.S. Drug Cooperation

PA1006192895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 10 Jun 95

[Interview with Colombian Foreign Minister Rodrigo Pardo by reporter Edward Amaya; from the "Cripton Newscast"; place not given — live relay]

[FBIS Translated Text] [Amaya] Mr. Foreign Minister Rodrigo Pardo, did Colombia receive cooperation from the United States to apprehend Mr. Gilberto Rodriguez Orejuela?

[Pardo] As everyone knows, there has been, for some time, a cooperation program between various agencies from the United States and other countries with the National Police. Therefore, I believe this must be considered a victory of international cooperation.

[Amaya] Many people are wondering now if there will be more U.S. cooperation in the future, not only pats on the back?

[Pardo] I think that the facts speak for themselves. All that has been said about the lack of effectiveness of our policy against drug trafficking has been proven wrong by this great acomplishment, namely the arrest of the top Cali Cartel leader.

[Amaya] Today, everybody is speaking well of Colombia. Yesterday, they spoke ill of Colombia. For instance, THE WASHINGTON POST published an eight colum front-page headline on the event they deemed the event of the year.

[Pardo] This has been undoubtedly a very good [word indistinct]. Obviously, the most important and satisfactory news is the arrest of the top leader of the Cali Cartel. The important thing is to move on and to continue producing results. It is important to maintain a level of international cooperation that will permit us to reduce the dimensions of this big problem, which is drug trafficking.

[Amaya] In line with this, what will you tell the international community today?

[Pardo] Like the president said yesterday, I tell the international community that Colombia is a country with a comprehensive strategy against drug trafficking, which has proven to be the most effective one. We are producing the best results. We hope to be able to receive international cooperation. This will allow us to undertake similar actions against drug consumption, money laundering, and the diversion of chemical precursors in

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other countries, so as to reduce drug trafficking worldwide.

[Amaya] Thank you very much, Mr. Foreign Minister.

Minister Links Drug Lord's Capture to U.S. Trade Policy

PA1106031095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 11 Jun 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Gilberto Rodriguez Orejuela's capture will now prove to us whether our problems in the area of foreign trade are indeed rooted in quotas with Europe, mushrooms, or the U.S. Government's annoyance with Colombia.

Tuna, banana, coffee, and flowers are just a few of the Colombian products that have been sanctioned with bans and tariffs by the U.S. Government. Although no one is willing to say it directly, it has been inferred that these measures were taken to punish the nation for failing to produce tangible results in the fight against drug trafficking.

[Begin Foreign Trade Minister Daniel Mazuela recording] The general tone of bilateral relations between the United States and Colombia has been and will continue to be greatly influenced by the fight against drug trafficking. [end recording]

For this reason, following the capture of Rodriguez Orejuela the government appears optimistic.

[Begin Mazuela recording] I think President Samper's great success yesterday in the fight against drug trafficking will change the tone of relations between the two countries. In this sense, trade is one of the areas that will benefit most. [end recording]

If the U.S. Government truly does adopt a more flexible position regarding Colombian products, some sectors will necessarily benefit sooner than others.

[Begin Mazuela recording] Perhaps, bananas could represent the product that will profit more rapidly from this excellent result in our struggle. [end recording]

The U.S. Government's position on Colombian products from now on will prove whether the penalties stem from disagreements over drug trafficking or whether we are truly dealing with plant diseases or dumping.

Bomb Blast in Medellin Leaves 11 Dead, 46 Injured

PA1106033695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0300 GMT 11 Jun 95

[FBIS Translated Text] Medellin — At least 11 people are dead and 46 others wounded tonight following an explosion at San Antonio Plaza right in the center of the city, just across the street from the Metropolitan Police Headquarters.

According to an official report, an explosive device was planted under a statue by unidentified individuals. A crowded outdoor sales event was being held at the plaza when the bomb exploded. Twenty-five of those injured were rushed to Medellin General Hospital, 18 to the Soja Clinic, and three to the Losviras Clinic.

Tonight, police and the Red Cross are helping ambulance personnel evacuate wounded individuals who remain at the site of the blast.

Police Commander Suspects 'Subversives'

PA1106044995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0400 GMT 11 Jun 95

[FBIS Translated Text] Medellin — Tonight's horrendous terrorist bombing in San Antonio Plaza in the very heart of the city has resulted in 21 dead and 99 injured. Four men and one woman were pronounced dead at the scene; 16 others, including several children, have died at various clinics.

So far, no terrorist group has claimed responsibility for this criminal act, but the police, just half an hour before the blast, detained a man who was in possession of five jars of black powder, which he said were given to him by another individual known only as Pelusa. This could be an important clue in identifying the perpetrators of this insane act.

The Cartagena Contigo festival was being celebrated in the recently inaugurated plaza at the time of the blast. The festival was crowded, mainly by low-income people. The Metropolitan Police commander, General Alfredo Salgado Mendez, said those who carried out this attack have not yet been identified.

[Begin recording] [Salgado] So far, I have received reports of 20 dead and 74 injured.

[Reporter] General, who do the authorities think is behind this?

[Salgado] The attack bears the mark of subversives, because the explosive used was dynamite with shrapnel. This combination is commonly used by subversives.

[Reporter] Have police found any other clues?

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[Salgado] Experts are conducting an investigation into the materials used in the attack.

[Reporter] Can you tell us about the nature of the explosives used?

[Salgado] This is being investigated. In due time, the experts will give me a report. [end recording]

The injured are being treated at 10 different clinics in Medellin through the emergency network, but the enormity of the tragedy has exhausted the capacity of the medical centers.

FARC Claims Responsibility

PA1206022195 Paris AFP in Spanish
0148 GMT 12 Jun 95

[FBIS Translated Text] Santa Fe de Bogota (AFP) — In a communique sent to Colombian Television, the Marxist guerrillas of the FARC [Revolutionary Armed Forces of Colombia] on 11 June claimed responsibility for an explosive attack that killed 28 and injured more than 200 in Medellin on 10 June.

The FARC stated that they "regret the deaths" and affirmed that they had no other choice because of the intransigency the authorities had shown.

FARC Denies Responsibility

PA1206033695 Paris AFP in Spanish
0247 GMT 12 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 11 Jun (AFP) — The FARC [Revolutionary Armed Forces of Colombia] has denied responsibility for the Medellin attack in a document sent to Radio Caracol and questioned the authenticity of a previous communique sent to Channel 7 attributing responsibility to this guerrilla movement.

"The communique sent to the television is false," the second message stated.

The Colombian Government decided to summon an emergency meeeting as a result of the first communique.

FARC Rebels Allegedly Kidnap Caldas Governor

PA1106225395 Madrid EFE in Spanish
2159 GMT 11 Jun 95

[FBIS Translated Text] Manizales (Colombia), 11 Jun (EFE) — Ricardo Zapata, governor of the Colombian department of Caldas, was kidnapped today by alleged guerrillas who ambushed an official caravan in a rural sector of that midwestern region of the country, the Manizales City police reported.

The official was taken hostage after the guerrillas, apparently from the Revolutionary Armed Forces of Colombia (FARC) attacked the governor's bodyguards, several of whom were injured.

Zapata, a conservative who was elected by the people's vote and assumed his post last year, was accompanied by Carlos Abad Ramirez Toro, the mayor of the Pensilvania community.

The regional police office reported that Ramirez Toro managed to escape the guerrilla's siege and went to Manzanares community, in the Caldas department, from where he reported Zapata's kidnap.

The official party, Mayor Ramirez Toro reported, was on an intermunicipal road which links Manizales, the capital city of Caldas department, with the Sonson community when it was attacked.

Police authorities reported that soldiers were immediately sent to pursue the guerrilla command that kidnapped Governor Zapata.

Caldas Governor Not Harmed

PA1206030495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish
0000 GMT 12 Jun 94

[From the "Cripton Newscast"]

[FBIS Translated Text] Your Cripton Newscast gives you a last-minute bulletin.

Attention: Caldas Governor Ricardo Zapata Arias and Pensilvania Mayor Carlos Ramirez — Pensilvania is a community in northeastern Caldas — were ambushed by guerrillas at the Pueblo Nuevo post, which borders the Antioquia Department, at approximately 1430 today.

According to the initial information, 50 guerrillas, allegedly belonging to the FARC [Revolutionary Armed Forces of Colombia], attacked the caravan of the Caldas governor and his entourage. The bodyguards reacted immediately. Two of them were killed. In addition, the Pensilvania mayor suffered minor injuries.

A few minutes ago, it was reported that the governor, who was touring the northwestern area of the state, miraculously came out of the attack unharmed. He is on his way to Manizales on a police helicopter right now.

[Begin unidentified man recording] Two bodyguards and a man, Mario Jaramillo, are dead. We still don't know what guerrilla group carried out this ambush. Anyway, the governor, his wife, the mayor, and several secretaries were in the caravan. [end recording]

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Army Foils Rebel Plot Against Minister, Peace Commissioner

PA1106153995 Madrid EFE in Spanish 1351 GMT 11 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 11 Jun (EFE) — According to General Carlos Leon Gomez Mateus, Colombian guerrillas mined an entire field in an attempt to attack Government Minister Horacio Serpa and Presidential Peace Commissioner Carlos Holmes Trujillo.

The general said guerrillas constructed a mine field with antipersonnel mines connected in sequence to also detonate mortar grenades in the community of El Castillo, Meta Department (eastern part of Colombia), where Serpa and Holmes today participated in a public ceremony.

The ceremony was originally scheduled to take place one week ago but was postponed when the Army uncovered the mine field in the middle of the town between the area where the official's helicopters were going to land and the sports stadium, where the public ceremony was held.

Gomez Mateus, head of the 7th Army Brigade, said that for security reasons he decided to wait to disclose the attempt until after Serpa's and Holmes's visit.

The general accused the 26th Front of the Revolutionary Armed Forces of Colombia (FARC) of having planned the attack. This front is one of the oldest and most powerful of all the guerrilla groups in Colombia.

The FARC and three other rebel groups have contacted the Colombian Government, headed by Liberal Ernesto Samper, with the objective of beginning peace negotiations, but at the same time they have launched several attacks against communities and military garrisons and have conducted terrorist acts to show their strength in view of a possible dialogue.

Ecuador

Defense Minister Resigns To Seek Presidency

PA1206022595 Mexico City NOTIMEX in Spanish 0051 GMT 12 Jun 95

[FBIS Translated Text] Quito, 11 Jun (NOTIMEX) — Ecuadoran Defense Minister General Jose Gallardo has tendered his resignation, the local media reported on 11 June.

According to Gamavision Television, "the minister's resignation is in the hands of President Sixto Duran-Ballen."

The source added that Gallardo days ago voiced his wish to become a presidential candidate in the 1996 elections.

Duran-Ballen Announces Agreement Reached With Congress

PA1006025995 Quito Voz de los Andes in Spanish 0132 GMT 10 Jun 95

[Address to the Nation by Ecuadoran President Sixto Duran-Ballen from Carondelet Presidential Palace in Quito — live relay]

[FBIS Translated Text] Good evening, fellow citizens. I spoke to you yesterday to reiterate my government's willingness to engage in a patriotic, frank, and open dialogue with the National Congress — a dialogue that would permit us to find a solution to the fiscal crisis currently affecting our country. Considering national and popular interests to which I have always responsibly subordinated all of my acts, in a civic gesture, for which I expressed appreciation in my speech last night, the National Congress, through its president and parliamentary bloc leaders, held a historic meeting today with representatives of the government. The meeting lasted nearly nine hours and addressed with absolute frankness and responsibility our serious national problems, setting aside natural political and partisan interests.

At this meeting, the two state branches — the executive and legislative — agreed, along with the president of the honorable Congress, on what is stipulated in the following document addressed to the nation, which I will now take the opportunity to read:

After a civic, democratic, and objective dialogue attended by the parliamentary bloc leaders, and aware of the necessity to find a solution to a grave, national problem affecting the veritable stability of our historic Ecuador and our democratic strengthening, the following agreement was reached:

1. The increase in electricity rates is suspended.

2. A mixed working commission is being set up, comprising the representatives of the Legislative and Executive Branches. The commission will immediately proceed to determine the existence and exact amount of the budget deficit estimated by the national government. The commission will submit a report within a period of 10 days, beginning today.

3. After the deficit is established, the National Congress commits itself, by 15 July of this year, to study and approve the alternatives proposed by the National Congress and Executive Branch to cover the deficit, subordinating all decisions to social and national interests.

4. Without detriment to the right deputies have in exercising legislative control over the Executive Branch, the National Congress will give immediate priority to the resolution of the fiscal crisis.

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This document was signed in the National Palace today. In addition to myself, the document was signed by Dr. Heinz Moeller, president of the National Congress; Dr. Marco Proano Maya, vice president of the National Congress; and Deputy Gustavo Larrea, proponent of the proposal.

Fellow citizens, as president of the Republic, I am proud of the agreement reached with the National Congress. The responsibility with which both state branches have acted permit us to envision the future with hope and optimism. It confirms that when we act with a sense of unity, as a country, difficulties can be overcome.

The building of a new Ecuador is the responsibility of each and every one of us. Let the agreement today, fellow citizens, constitute an important step toward the future and toward securing better days for our fatherland. Good night, fellow citizens.

Peru

President Fujimori: Safe Trade at Border Necessary

PY0906192895 Lima Radio Programas del Peru Network in Spanish 1636 GMT 9 June 95

[FBIS Translated Text] We have a live relay by Carlos Alvarado from Piura, where he is covering the activities of President Alberto Fujimori. Go ahead, Carlos:

[Begin relay] [Alvarado] We are live with President Fujimori after he dedicated the Castilla penitentiary center, located in the Castilla District, Piura Department. This penitentiary center can hold 586 inmates. But let us talk with President Fujimori. The [words indistinct] news right now is about the Ecuadoran unilateral decision regarding reopening the border. What is the Peruvian position?

[Fujimori] Ecuador closed the border unilaterally. Peru never closed the border. Ecuador now intends to reopen the border. [passage indistinct] the arbitrary arrest of Peruvians who had absolutely nothing to do with [words indistinct] They were simple Peruvian citizens who were passing through Ecuador. Therefore, the Peruvian position is to ensure full guarantees and security for Peruvians who trade in the border region. It also necessary to secure the release of all the Peruvians who were arbitrarily arrested in Ecuador. Furthermore, it is necessary to clear the mines planted in the border region. It is known that there are still 6,000 antipersonnel mines in the border region. This is a requirement in order to have effective border trade, the free transit of cargo or trade in general, and free transit of vehicles from Peru or Colombia. These are the minimum conditions we can propose.

[Alvarado] If those conditons are not met [words indistinct]

[Fujimori] We cannot allow border trade under those conditions due to the risks affecting our citizens.

[Alvarado] It is also said that one of the reasons [words indistinct] Presidential Minister Maria Luisa Federicci was dismised was her alleged involvement in irregularities.

[Guido Lombardi, from studio in Lima] Carlos, unfortunately we are getting a very bad signal. It would be good to talk with the president if we improve our signal. Also we would like to ask some questions. We hope to improve our signal at any time. [end relay]

Weekly Examines Challenges for Next Administration

95SM0356A Lima SI in Spanish 21 May 95 pp 10-17

[Editorial "Second Chance"]

[FBIS Translated Text] The convincing victory of President Fujimori in the April election does not seem to have reduced his energy. He continues to open schools, and his opponents are still overwhelmed by their defeat. They have also admitted in Congress that his rivals will be unable to raise their heads for the rest of this century.

This kind of behavior could indicate that something has happened in the economy or in political life or in both of them at the same time. No doubt the proposal of Dr Martha Chavez and of Juan Hermoza Rios, both members of Congress, to require the political parties to collect at least 480,000 signatures to register with the National Election Board in order to take part in the next municipal elections and in other, future elections is no accident.

Neither can it be a matter of chance that this proposal, amended and broadened at the session of the Democratic Constituent Congress [CCD] on 18 May which ended at 2255, was published on 19 May in EL PERUANO [the official gazette]. Sceptical people are asking themselves when the agreement made its quick trip to the Presidential Palace and from there to the offices of the official gazette.

In the same way and at the same session on 18 May the amended form of the Organic Law on the Office of the People's Defender was approved. It had been unanimously approved one week before in the CCD. There was no hurry in that case. Rather, action took place at a snail's pace and with backward movements like those of a crab.

As if to ensure that everything would appear to be part of the same process, resulting from a single

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concern or perhaps because of hidden fear, the military court system continued with its considerations and handed down sentences against retired Generals Walter Ledesma and Carlos Mauricio, as well as retired Navy Captain Luis Mellet. That happened contrary to all good sense and despite sensible appeals from practically all groups in the political sector and in the media. In a temperate statement Cardinal Augusto Vargas Alzamora reminded us that, "No one should be held in prison for his ideas."

The case of the officers who have been tried has already had international repercussions and, above all, is damaging the image of the government itself.

Nevertheless, the fact that the previously mentioned actions and the verdict of the military court which have been announced lead us to think that an overall strategy is involved. They are signs that President Fujimori—despite his brand new credentials as president for a second term of office—considers that it is necessary to take severe action to safeguard his power and prevent forces from emerging which could checkmate him. The slogan of the campaign seems to be: "Don't leave any opening; give the present or future opposition no time to catch its breath."

Achilles Heel

When he received his credentials designating him a president reelected by the will of the people, President Fujimori emphasized that a central task of his second term of office will be a frontal assault against poverty. This is a proper and vital decision in a country in which poverty has grown in both relative and absolute terms. Furthermore, it is a good decision to face up to the Achilles Heel of the government: economic policy, which is beginning to attract clouds that may bring on a storm.

The fight against poverty requires specific changes, if it is not to remain limited to a policy of providing assistance by giving first aid to those who are suffering.

One of the fears expressed by people in the upper levels of the government is that the negative aspects of the economy—a growing deficit in the balance of trade and in the balance of payments, which includes financial services—will lead to an explosion. This is like the delayed impact of tequila. Economists questioned by SI who, until recently, denied the possibility that a catastrophe like that in Mexico could happen here, are now beginning to have their doubts.

In 1994, when the Gross Domestic Product of Peru grew at an annual rate of 12 percent, President Fujimori raised us to the category of "the economic tiger of the Americas."

It appears that the tiger jumped too far. Growth was due in part to climatic factors, as in the case of fishing and agriculture. Regarding the mining sector, there was growth in the volume of production and there was also price inflation in the international market. However, of greatest concern is the fact that there was a swollen growth of budgetary expenditure, undoubtedly with the elections in mind.

There are no separate events in politics or in the economy. It is no accident that budgetary expenditure grew exorbitantly during the second half of 1994 and the first quarter of 1955. The speeded up construction of schools and the increase in the number of public works with a social impact had their effect on the budgetary balance during this period.

Well now, as every housewife knows, increased expenditures have to come from somewhere. In an economy like that of Peru, increased budgetary expenditure leads to economic growth, and this leads to an increase in imports. Let us remember, among other things, that the family shopping basket of the country contains a large number of items produced abroad.

The excess of imports over exports has to be reduced at all costs. That excess places the savings capacity of the country in danger. In effect, how will the deficit in the trade balance be covered? It will be covered by the use of international reserves, domestic savings, and short, medium, and long term capital which comes in from abroad.

Reducing the unusual rate of growth of Gross Domestic Product is the recipe for a sound economy. To do this and to display greater prudence in budgetary expenditure, it will be necessary to restrict certain imports.

We have to discourage the purchase of imported, consumption goods. It would be a good thing to increase tariff duties on imported goods, despite the present complaints of the fundamentalist advocates of neoliberalism, who call for lowering tariff duties to a flat, or undifferentiated level, which would place them at 10 or 15 percent. As if we did not have right before our eyes on television the increases in tariff duties in Brazil on imported automobiles and the automobile war between Japan and the United States.

Another step which is expected from the second term government of President Fujimori—and which never happened during his first term—is an increase in exports. To do this, a series of steps like those taken in other countries will be required. To avoid the abyss which threatens us, Fujimori has to end his opposition to exports.

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President Fujimori, on the day of his inauguration for his second term as president, also called for job creation. This will be a difficult task for a government which does not encourage exports. That is, to a large extent there must be an increase in production. A broad segment of the business sector has been upset by high taxes and merciless rates of banking interest.

In short, beyond what the International Monetary Fund has finally recommended (a growth in Gross Domestic Product between 6.0 and 7.0 percent annually) and what the letters of intention sent to it impose, corrective action and a continuing attitude of alertness are urgently needed. If this does not happen, then, despite the political obstacles—including fighting against them—new opposition forces and political parties may arise. The reelected president no doubt is counting on that. It is probable that for that reason legislative and other action will be taken which would be impossible to understand and even appear senseless if they are not placed in that perspective.

Parades of Signatures

About 10 days ago Members of Congress Martha Chavez and Juan Hermoza presented a draft bill containing a single article which raised to no less than 5.0 percent of the total number of voters the number of signatures which the political parties must present to be registered by the National Election Board. Last week the draft bill reappeared with more articles and a reduction in the number of signatures needed. In the first place the new text of the draft bill covers the candidates of political parties, movements, or alliances. It also covers candidates for the office of mayor. The reduction leaves at 4.0 percent of the electorate the number of signatures required for registration of a political party or group by the National Election Board. In the case of municipal elections, that percentage relates to the total number of voters in the province or district.

Laws do not come out of nowhere, nor are they aimed at the stratosphere. They refer to the here and now. In our case the draft bill, cleverly turned into a law, has been presented in a country in which the political parties have been reduced to their least level of expression. It has not occurred to anyone that the APRA [American Popular Revolutionary Alliance] and the PPC [Popular Christian Party] are now in a position to collect that number of signatures.

Under the circumstances the percentage required is excessive, especially if it is remembered that several countries in Latin America have followed the example of Spain, which only calls for the signatures of 1.0 percent of the electorate to support the registration of a political party. The curious fact cannot be forgotten that in February 1994 11 officially appointed members of the CCD presented a draft bill which set the number of signatures required for registration of a political party at 1.0 percent of the electorate.

Under the circumstances the draft bill would lead to only two electoral groups remaining in existence: the New Majority -Change 90 alliance and the Union for Peru (although the AP [Popular Action Party] appears to have saved itself just in time by registering with more than 100,000 signatures before the new law went into effect).

The new law could lead to a kind of unisex, bi-party system. In addition to democratic provisions, both political groupings would share a neoliberal, modernizing program. This could finally result in a single party with two faces, like the Roman God Janus. It would be necessary to guess which of those two faces could foretell future events and resist any unforeseen disaster. The idea of reducing the number of political parties, which may be implicit in the proposed law, is a good one. Neither is it a bad idea to require that the political parties must be real political bodies and not just carnival masks which appear every five years or so.

However, there are other ways of achieving those goals. In the first place, a law on political parties could be passed which requires them to function in a permanent and democratic way, and not operate only to collect signatures.

The elimination of election campaigns should only in part reflect the number of party members, who might well amount to 1.0 percent of the electorate or 2.0 percent of the valid votes at the last election.

In reality, it is the vote by the citizens which sounds the death knell for political parties. In Peru there are several political parties which have the smell of death about them. However, this involves the elimination of the political parties after the elections and not before they are held.

Otherwise, there is no reason to believe that a law can prevent political groups from being formed in the future. Let us remember that the APRA and the Communist Party were illegal parties almost from the time they were founded. Nevertheless, they were able to emerge from clandestine status or dictatorship as very large political forces.

At times an unjust or outdated law turns into a campaign banner and signal for people to join together. "Down with Law 8505" was the war cry under the dictatorship of General Benavides. Under the dictatorship of General Odria, the slogan was, "Down with the Internal Security

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Law!" Neither of these two dictatorships withstood the surge of democracy.

Defense of the Office of the People's Defender

The approval of the Organic Law on the Office of the People's Defender by a unanimous vote of the CCD was welcomed by SI in its previous edition. This week we should point out that there is no reason why anyone should seek to change that law.

Member of Congress Enrique Chirinos Soto, of the National Renewal Party, was given the task of presenting arguments which do not fit in with reality. For example, he has said that the power given to the "People's Defender" to enter military barracks and police stations to obtain information on whether there are persons under arrest there or how they are, is a danger to national security, such as during the time of the conflict with Ecuador.

In reality, the "People's Defender" is no danger to anyone or anything. His only function is to defend the constitutional rights of the person and of the community.

Carlos Ferrero, a member of Congress for the majority, who presented the draft bill to this effect, amending the Constitution, and which was approved by the voters, crossed verbal swords with Congressman Chirinos Soto in the CCD. He recalled that the "People's Defender" cannot punish, dismiss, fine, sentence, or resolve anything or act against anyone.

The position of "People's Defender" or "Ombudsman" was first introduced in the Nordic countries: Finland, Norway, and Denmark, and then, with some variations, in Great Britain, France, Portugal, and Spain. In Latin America Puerto Rico, Guatemala, Mexico, El Salvador, Colombia, Costa Rica, Paraguay, Honduras, Argentina, and Bolivia have adopted this system.

This is a non judicial institution, charged with defending constitutional rights (freedom, life, and personal integrity); supervising the implementation of the duties of the state administrative system; and providing adequate protection for public services. The institution promotes and defends human rights.

In many cases its role is to alert the people and to issue moral denunciations. It has the "function of persuasion."

For all of those reasons it well deserved to be established and should not be subject to legalistic misrepresentations and military interference.

Those who certainly have attacked the security of Peru are the Ecuadoran military. The aggression which took place last week in Chequeiza is a matter worthy of concern. This took place in an area well removed from where the recent conflict occurred. It is located in the strategic area of the Rio Santiago, in which armed infiltrations from Ecuador have continued to be reported. The death of Wilmer Sanchez Gacho, an ordinary soldier, in the struggle against this infiltration indicates that our neighbors to the North continue to dream of a prolonged war. In rejecting this provocation Peru is united, as always.

The incident confirms the view that the only way to end these bloody incidents is to reach an agreement on the emplacement of border markers. This is a suitable task for the countries which have guaranteed the Rio Protocol. It is necessary for peace in South America.

Uruguay

Guerrilla, Terrorist 'Summit' in Uruguay Described

95SM0357A Madrid ABC in Spanish 26 May 95 p 33

[Article by Alberto Christian Marquez — first paragraph is ABC introduction]

[FBIS Translated Text] Montevideo. The communist coalition, United Left, and the pro-ETA group Herri Batasuna are taking part in a summit of South American guerrilla and terrorist groups that began in Uruguay yesterday and will end on Sunday [28 May]. Among those attending are representatives of M-19 [19 April Movement], the Farabundo Marti Front, the Tupamaro movement, the Sandinist Front, and the Communist Parties of Vietnam, Korea, and Sri Lanka. There is also a Libyan delegation.

The United Left coalition leader, Carlos Camero; members of the pro-ETA [Basque Fatherland and Liberty Group] Herri Batasuna [HB], Jone Goiricelaya and Gorka Martinez; and a delegate from Initiative for Catalonia are attending the Fifth Summit of Radical Left Organizations of the Americas, known as the San Pablo Forum, as observers.

About 112 political groups of quite diverse degrees of importance—not a few of which are unrepentant advocates or practitioners of revolutionary violence—from about 30 countries are meeting in Uruguay's capital, a meeting described purely and simply by some Uruguayan legislators as a "hotbed of terrorists."

Among the Forum's organizations are Argentina's Grand Front; the Democratic Labor Party of Brazil; the M-19 Democratic Alliance of Colombia; and the communist and socialist parties of Chile. Other full members include El Salvador's Farabundo Marti National Liberation Front; Mexico's Party of the Democratic Revolution; the Sandinist Front of Nicaragua; Panama's PRD [Democratic Revolutionary Party];

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Radical Cause and the Movement Toward Socialism of Venezuela; the Communist Party of Cuba; the Laval Movement of Haiti; and the Free Bolivia Movement.

From Spain, in addition to the HB delegates, Jone Goiricelaya and Gorka Martinez, the United Left coalition is in attendance, represented by European Parliament Deputy Carlos Camero from Initiative for Catalonia.

Latin American observers include: Frepaso [expansion not given] of Argentina; Coppal y Pais of Mexico; Encuentro XXI from Chile; PCR [?Revolutionary Communist Party] from Colombia; and Socialist Coordination from Ecuador.

Also attending as observers are Germany's Communist Party and the PDS [expansion not given]; Belgium's Labor Party; the Communist Parties of Portugal, France, and Austria; Della Rifordazione Comunista of Italy; Mathaba Mundial of Libya; the Labor Party of Korea; Lanka Same Smaja of Sri Lanka; and the Communist Party of Vietnam.

Uruguay's Parliament did not want any connection with this radical meeting and has refused to meet with a delegation from the San Pablo Forum. A number of deputies and senators in the government party have justified their opposition by citing, among other reasons, the fact that this Forum is being attended by Herri Batasuna, the electoral branch of the Basque terrorist organization, ETA, by guerrillas and former guerrillas from Colombia known to be connected with drug-trafficking groups, and by members of the Communist Party of Cuba, the longest-standing dictatorship of the Americas. HB's presence at this Forum has been condemned by Uruguay's major parties.

The deliberations of these self-styled Progressive and Popular Forces of Latin America will last until Sunday, and the organizers have requested special police protection.

Colorado Party Deputy Pacheco Klein said in a press conference that the origins of the San Pablo Forum can be traced to the infamous LASO [Latin American Solidarity Organization] which, starting in 1961, promoted the export of guerrilla activities working against our democratic and republican system of government, operating from its base in Cuba.

The worsening of the political and social situation in Managua prevented the planned participation of the Sandinist communist Daniel Ortega, while the petroleum workers' conflict in Brazil kept Luis Ignacio Da Silva, known as "Luis," the leader of the Brazilian leftist coalition, from attending.

On another issue—though related to the leftist extremist activities—Uruguay's former Minister of the Interior Angel Maria Gianola appeared in criminal court yesterday as a witness in the investigation of the disturbances which took place last August about the extradition of three ETA members.

Venezuela

IESA Economist on Shortages, Inflation

95SM0351A Caracas EL DIARIO DE CARACAS in Spanish 9 May 95 p 15

[Article by Mayra Chirino Ochoa]

[FBIS Translated Text] The Executive Branch's policy of price controls has not fulfilled its objective of lowering inflation, which is running higher right now than last year when the excuse was the financial crisis.

To this we must add the fact that the current severe shortages, primarily of items subject to controls, could be understating the price index that the Central Bank of Venezuela [BCV] publishes monthly.

These assertions have been made by Gustavo Garcia, an economist and professor at the IESA [Institute of Higher Education for Administration]. He qualifies the second statement by adding that the central bank is not guilty of technical errors; on the contrary, it is rigorous about the statistics that it keeps. He explains, however, that when BCV researchers cannot find certain items on shelves, they take as their price what is known as the statistical mode, which is merely the most common price at establishments that do carry the item. This does not mean that this is the price at which people are prepared to buy and sell it.

Information about the shortages index is not published by the BCV but should be, in Gustavo Garcia's judgment, as should the consumer price index, because this way both the government and the country could see whether the price control policy is working or not.

The IESA professor argues that contrary to economic theory, shortages are increasing while inflation is declining. After price adjustments like the one in February—which cost the former development minister, Alberto Poleto, his job—the shortages indices fell.

Figures in hand, Garcia points out how inflation indices are higher than last year, with the exception of January, when there was a drop (4.3 percent in 1994 and 3.1 percent in 1995). Inflation for the remaining months of the year has been higher: 1.9 percent in February 1994 compared to 2.4 percent in February 1995; 2.8 percent in March 1994 against 3.2 percent in March 1995, and

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lastly 3.3 percent in April 1994 versus 4.1 percent in April of this year.

Cumulative inflation through April 1994 was 12.9 percent, and through April of this year it was 13.4 percent. As for foodstuffs and beverages, the cumulative index through April of last year stood at 12.2 percent, whereas this year it is 13.6 percent. The index for household expenses was 15 percent in 1994 and 16.6 percent this year. Garcia notes that these latter two categories (foodstuffs and household expenses) account for two-thirds of the household spending of the two lowest-income strata of the population.

Even more seriously, the shortages index is almost 100 percent in the stores in low-income areas, that is to say, working-class markets, general stores, grocery stores, and rural stores, where the controlled items that people consume the most of (sardines, eggs, powdered milk, and cheese) are simply not being sold.

The explanation is that the stores where consumers with more buying power shop can sell other items and thus compensate. Accordingly, Gustavo Garcia asserts that the high-protein foods that the poor consume are in even shorter supply because of price controls, a very regressive pattern.

Anti-Inflation Pact Unsustainable

The IESA professor contends that the anti-inflation pact is unsustainable under current circumstances. Such a pact is desirable, he says, because it could help thwart inflationary expectations. Nevertheless, the experience of other countries shows that unless macroeconomic disequilibria are corrected, such as fiscal problems, monetary imbalances, and adjustments in exchange and interest rates, the pact will fail.

The only solution is to achieve a budget surplus, which is possible only through an aggressive policy of privatization. In addition, interest rates need to be adjusted so that they are moderately positive with respect to inflation, and the exchange rate must also be adjusted. Together, all of these moves will correct the imbalances and enable the pact to be successful.

Gustavo Garcia warns that the mere signing of a pact does not mean that inflation is going to decline, adding that if it fails, the consequences will be worse, as it will help create stronger negative expectations.

Commentator Evaluates Anti-Inflation Pact

95SM0351B Caracas EL DIARIO DE CARACAS in Spanish 7 May 95 p 14

[Commentary by economist Carlos Alberto Granier, executive director of Analitica Consultores: "On Anti-Inflation Pacts and Voodoo Economics"]

[FBIS Translated Text]

The Roots of Venezuela's Problem

Before we begin discussing the chances for success of the anti-inflation agreement or pact, as the press is calling it, we would do well to review the current causes of inflation in Venezuela. The first thing that we should make clear is that there is no structural inflation in Venezuela, a view that Hector Malave Mata made fashionable in the 1970s, just because we are an oil-producing country. From the time of Gomez to Caldera's first administration Venezuela enjoyed one of the lowest inflation rates in the world and had an increasingly oil-dominated economy. Not only was inflation low, but it stayed low for very prolonged periods of time, including years when there was deflation: 1954, 1956, 1958, 1962, and 1963. Even though the economy back then was predominantly oil-based (from a fiscal standpoint, even more so than it is today), we had low inflation and sustained growth. Before tax revenues quadrupled in 1974, Venezuela had a stable, credible, and fully convertible currency. Stability, credibility, and full convertibility have gradually vanished since then, as the State began spending more than it took in and the national budget became the spoils of private interests. In 1994 the situation worsened with the monetization of the financial assistance [to the banks]; the fiscal dam broke, and the inflationary nature of the deficit intensified.

Inflation and the Nature of Government Spending

The deep roots of inflation must be sought here. First, in the way in which successive administrations since 1974 have tried to finance government spending. Second, in the changes in the composition (or rather, decomposition) of government spending. And third, in the way in which the monetary authority has furthered, actively or passively, this trend. It is this combination of events that has driven us down the inflationary highway. From 1974 to date the government has resorted to borrowing (first overseas and then here at home), instead of domestic taxation, to finance its spending. Concomitantly, the makeup of the spending has grown increasingly inflationary. As Hernan Anzola reminded us yesterday, in 1972, during the second year of Caldera's first administration, 3.6 percent of regular tax

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revenues were earmarked to service the foreign debt. In 1995, the second year of his second administration, 30 percent of regular tax revenues will have to be allocated to the servicing of the foreign debt, which along with the national debt could account for half of the budget. In the meantime, the Venezuelan State is spending less and less, per citizen and in real terms, on security, infrastructure, and justice, that is to say, its areas of responsibility. It is this orientation of government fiscal policy (along with an obliging, camouflaging monetary policy) that has unleashed an inflationary trend that respects no controls because the State is the first not to control itself.

The New Fiscal Logic

After 10 months of experiments and controls and with a cumulative inflation rate of 42 percent over these 10 months, Minister Corrales offers us his prescription for bringing inflation down: an anti-inflation agreement signed by the government, the Central Bank of Venezuela [BCV], labor federations, private trade associations, representatives of cooperatives, the National Economic Council, and even Father Jesus Maria Aguirre to give it his blessing. The pact considers everything except the subjects (and eventual victims) of the experiment: consumers. Since inflation has a huge fiscal component, the central focus of Corrales' agreement is what he calls the new fiscal logic. This new logic, according to Corrales, is to boost non-oil taxes to cover the budget deficit. But as we have seen, inflation in Venezuela stems not just from the deficit but also from the way in which it is financed and from the structure of spending. If the aim is to combat inflation, the logical way to attack its causes would be not only to narrow the fiscal gap but also to cut spending, improve its structure, and boost productivity. The fiscal logic that Corrales proposes emphasizes ongoing, pitiless tax hikes, and ignores all other considerations, disregarding the fact that so-called transfer payments absorb 54 percent of the 1995 spending budget. This category conceals countless subsidies, such as the 20 billion bolivars appropriated for all sorts of foundations, that are meant for specific individuals. If we want cooperation and good will, then we must look at both sides of the tax coin. The Venezuelan State must make its share of sacrifices if it wants its citizens to do likewise.

Optimizing Coordination With the BCV

A key aspect of the Corrales agreement is the "optimization of coordination with the BCV." However, we have just decreed an end to the BCV's autonomy, whose opinion on exchange-rate issues will not even be requested, by passing the new Exchange Policy Law. Now its opinion will be requested to "reactivate the production machine," which is not the responsibility of the monetary authority, as well as to "reduce the inflationary pressures associated with excess liquidity." When stated thus, it would seem as though the responsibility here belongs exclusively to the BCV. If the underlying purpose here is for the BCV to continue "sterilizing" liquidity by issuing the so-called TEMCs [expansion unknown], then the Central Bank will wind up with sizable losses. The BCV used to be able to absorb some of the quasifiscal losses caused by the yield of zero-coupon bonds, thanks to the exchange profits from the constant devaluation of the bolivar. But with exchange controls, how will the cost of the TEMCs be financed? This is one of the more recent roots of the current inflation. And the agreement says nothing specific about how to combat it, other than generalizations about voodoo economics.

Streamlining the Privatizations

The document also recognizes the importance of streamlining the privatizations in order to reduce the public sector deficit and generate supplementary revenues that will close the fiscal gap. We cannot but share the good intentions. But some of the minister's colleagues in the cabinet have taken it upon themselves to remind him that there will be no significant privatizations this year, neither of the same old large deficit-ridden enterprises nor of the nationalized banks. So whom are we fooling? Serious privatization requires correcting the overvaluation of the bolivar, or else foreign investors will not show up. To this end we also need to start dismantling controls and reestablishing fundamental economic guarantees. The pact is going against the grain in this regard.

A Coordinating Body Will Be Set Up...

A key factor in the success of the anti-inflation experiment is the creation of "a coordinating and follow-up body." Insisting on the "creation" of such a body clearly suggests that the aim is to set up something different from what already exists. Why? Doesn't the Law of the Central Bank of Venezuela oblige it to safeguard the stability of our currency? Or perhaps this mission should instead be assigned to Finance, since the main cause of inflation in Venezuela is the huge budget deficit and the unbacked liquidity created by assistance to the banks. I have the impression that Minister Corrales is seeking to become the high priest of this voodoo pact.

Sincerity Begins at Home

The second point of the anti-inflation agreement proclaims that "the parties bind themselves to keep the population accurately informed of the progress and accomplishments of the agreement." That seems logical. A

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pact that lacks credibility would collapse all on its own. But a few days after these words appeared in the press, we learned that the basket of goods that the BCV uses to measure the consumer price index seriously underestimates inflation because it includes items the prices of which have been frozen and that have vanished from shelves. According to some analysts, 12 percent of the index is made up of goods whose prices have been frozen and that no one can obtain. And if the monetary authority is not sincere, whom are we going to believe?

More Guarantees, More Inflation

The credibility of the agreement is the foundation of any serious attempt to control inflation. However, at the same time that the pact was announced, the finance minister informed Congress that the Executive Branch had decided to pay depositors in the eight banks that had been taken over up to 10 million bolivars, thus affording them the same treatment that the Banco Latino (which by the way was taken over so that it could be reorganized) extended to its depositors. It was estimated at the time the eight banks were taken over that the decision had cost almost 50 billion additional bolivars to protect fewer than five percent of depositors from their poor judgment. Where will the funds to cover these deposits come from? Well, from a reform of the Financial Emergency Law, like all of the prescriptions of voodoo economics. The fact is that we will all pay for them, in the form of a higher inflation tax. The saddest part of all is that the have-nots will lose the most from this eagerness to do good, because the poor, the people who do not even have a bank account, will pay most dearly to guarantee these deposits.

The Last Experiment?

If the pact starts with a wage bond and greater deposit guarantees, if the agreement begins with the Development Ministry instead of Finance, if the exchange rate is kept seriously overvalued, if the monetary authority does not provide accurate information, in other words, if there is no consistency between what is being said and what is being done, then how credible can the pact be? I fear that at the conclusion of this new experiment in a planned economy we will wind up with fewer jobs and higher inflation than before. And I deplore this, because the new experiment has more to do with the political appetites of the Venezuelan left's pet minister than with a sincere intention of the economy ministers to eradicate inflation. The president must not fall into this trap. If what he wants to do is gain time, which is understandable, he must demand that the ministers explain to the country how they plan to get the economy back on the road to growth without inflation. The byproduct of these experiments has always been higher unemployment. And no social peace can long endure the combination of unemployment and inflation. The experiment would then end with the worst of both worlds. Perhaps then we will be ready for serious reform, without resorting to the prescriptions of the high priests of the school of voodoo economics.

Alliances in Regional Elections Outlined

95SM0352A Caracas EL NACIONAL in Spanish 14 May 95 p D8

[Article by Milagros Duran]

[FBIS Translated Text] The Solidary Alliance formed by Convergence, MAS [Movement Toward Socialism] and the *chiripero* [minor parties] has turned out to be not very solidary after all and even less harmonious. These parties will put up supposedly single candidacies for the various posts to be filled in the regional elections scheduled for December.

To date, over half of the states are experiencing serious difficulty standardizing their criteria, particularly with respect to the country's governorships and main mayoralties.

Even the candidacy of Enrique Ochoa Antich, representing the Alliance for the Mayoralty of Caracas, has encountered strong resistance from one sector of Convergence.

In a number of states such as Portuguesa, Sucre, and Tachira, the MAS alliance will be forged with Copei [Social Christian Party] rather than Convergency members, going against the decison of the most recent MAS National Convention, which rejected pacts with the AD [Democratic Action] and Copei.

To date, a consensus exists on only 12 regional candidacies: Cojedes, Delta Amacuro, Lara, Merida, Miranda, Nueva Esparta, Portuguesa, Sucre, Trujillo, Yaracuy, Zulia, and the Federal District, while 11 regions remain in a state of indecision.

MAS will request an "exception" to the Alliance in order to run other candidates in six states: Carabobo, Guarico, Monagas, Tachira, Amazonas and Aragua.

Region by Region

The following is a detailed rundown of the situation in each state:

Amazonas: MAS proposes a poll between Nelson Devia (MAS) and Nelson Silva (Copei).

Convergence rejects any survey involving Silva because he is already a Copei candidate.

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Anzoategui: MAS proposes Ovidio Gonzalez as the candidate. It has suggested 31 May as a deadline for the Supreme Court to rule on the case.

Aragua: A survey will be conducted including Didalco Bolivar (MAS), Eduardo Ortiz Bucaran (MAS), Oswaldo Russo (Convergence), Isidro Gimenez (Convergence), and Luis Cuevas (Renace [Rebirth]). Here an exception will be sought.

Apure: A poll is proposed including Marcelo Oquendo, Ismael Colmenares (Convergence), and Cristobal Hernandez (AP).

Barinas: There is a possibility of a consensus with Odilia de Traspuesto or Amador Silva.

Bolivar: MAS is nominating Eithel Ramos, while allowing Convergence to have first say.

Carabobo: MAS requests an exception from the Solidary Alliance. This poses a problem. MAS members proposed that the choice be made by means of a poll including Julio Castillo (MAS), Lisandro-Paito-Estopinan (Convergence) and Ruben Creixems (Renace).

Cojedes: There is a consensus on Alfredo Uzcategui.

Delta Amacuro: A consensus around Armando Salazar (MAS).

Falcon: A poll will be conducted to decide between Atilio Yanez (MAS) and Yolanda Chirinos (Convergence).

Guarico: Convergence has mentioned the name of Indemburgo Becerra. MAS must decide whether it will back him or officially nominate Blanco. It could seek an exception.

Lara: There is a consensus around the candidacy of Orlando Fernandez (MAS). Macario Gonzalez for the mayoralty of Barquisimeto.

Merida: Here there is a consensus. MAS backs German Monzon (Convergence).

Miranda: A consensus around Paciano Padron (Convergence).

Monagas: In this state, the situation is one of divergence. MAS is requesting an exception from the Solidary Alliance and proposes an agreement with Copei, behind Pedro Aristimuno, who is backed by other independent sectors. Convergence is nominating Pablo Morillo.

Nueva Esparta: There is a consensus around the candidacy of Rafael "Fucho" Tovar.

Portuguesa: A consensus around the candidacy of Ivan Colmenares. An exception is being sought to obtain Copei's backing.

Sucre: There is a consensus around Ramon Martinez (MAS). An exception is being sought in order to obtain Copei's backing.

Tachira: Tachira is one of the states with the most problems. The Regional Convention voted 79 to 51 for an election agreement with Copei, and 71 to 20 for an exception from the Solidary Alliance so as not to enter into a pact with Convergence. The Alliance candidate would reportedly be Walter Marquez, but if the Regional Convention's petition is accepted, the candidate would be Cesar Perez Vivas (Copei).

Trujillo: There is a consensus around Walter Aranguren (MAS).

Yaracuy: A consensus around Eduardo Lapi.

Zulia: There is a consensus around Lolita Aniyar de Castro (MAS). The offer of the mayoralty of Maracaibo to Francisco Arias Cardenas stands.

Federal District: Enrique Ochoa Antich will definitely be the Solidary Alliance's candidate for the mayoralty of Caracas, despite the strong opposition manifested by one sector of Convergence.

Voting Law Reforms Described

95SM0352B Caracas EL NACIONAL in Spanish 4 May 95 p D1

[Article by Milagros Duran]

[FBIS Translated Text] In its second debate of the bill yesterday, the Chamber of Deputies passed most of the Reform of the Organic Voting Law, containing 43 new articles modifying the existing legal text and introducing a number of innovations into the electoral system. The reform will take effect with the regional elections in December.

The marathon session began at 1000 hours in the morning and ended at 1800 hours in the afternoon. Debate will continue this Thursday and the law will be passed following the second debate and sent on to the Senate immediately. The Senate will probably consider the bill a constitutional emergency and thus pass it following a single debate next week.

Reform of the Organic Voting Law means that the Supreme Election Council [CSE] will have a fundamental instrument to use in organizing the December election of governors, mayors, councilmen and parish juntas.

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If the Senate wishes to modify the report presented by the deputies, a joint session will have to be called to review such modifications. In any case, the Reform of the Organic Voting Law will definitely be passed next week.

It is being decided that the system for choosing councilmen will be from a single list with proportional representation of minorities, as proposed by Deputy Alirio Figueroa (Copei [Social Christian Party]).

The motion had the votes of Copei, MAS [Movement Toward Socialism], Cause R, MIN [National Integrity Movement] and the minority parties. Only the AD [Democratic Action] bench reserved its vote and its proposal of the pure single list system was defeated.

Article

The article establishing the manner of electing councilmen and parish juntas was drafted as follows:

Political parties and groups of voters will nominate a list of candidates for parish junta seats in accordance with the Organic Law on the Municipal System and double that number of alternates. Every voter will vote for the list of his/her choice and the choice will be made based on the criterion of proportional representation established by that law.

Councilmen will be elected by the single list system with proportional representation of minorities. The number of councilmen to be elected by single list voting in every municipal council is equal to the closest whole number obtained by multiplying 66,-66 [sic] by the total number of councilmen in the respective municipality. The number of councilmen to be elected by proportional representation of minorities will be the whole number closest to the result of multiplying 33.34 by the total number of councilmen in the respective municipality based on the following:

In municipalities electing 5 councilmen, 3 will be chosen from a single list and 2 by proportional representation of minorities.

In municipalities electing 7 councilmen, 5 will be chosen from a single list and 2 by proportional representation of minorities.

In municipalities electing 9 councilmen, 6 will be chosen from a single list and 3 by proportional representation of minorities.

In municipalities electing 11 councilmen, 7 will be chosen from a single list and 4 by proportional representation of minorities.

In municipalities electing 13 councilmen, 9 will be chosen from a single list and 4 by proportional representation of minorities.

In municipalities electing 15 councilmen, 10 will be chosen from a single list and 5 by proportional representation of minorities.

In municipalities electing 17 councilmen, 11 will be chosen from a single list and 6 by proportional representation of minorities.

In municipalities electing 19 or more councilmen, the formula specified at the beginning of this article will be followed.

Deposit

Another modification passed pertains to the payment of a deposit by the political parties or groups of voters nominating candidates for the presidency, governorships and mayoralties who do not obtain at least three percent of the valid votes in the respective electoral process. This modification was passed with the votes of the AD, Copei, and Convergence.

Candidates for senatorial seats, deputy seats in the legislative assemblies, and Congress and councilmen seats will not post any security deposit. Deputy Oscar Celli, chairman of the committee presenting the reform report, explained that the rule was written for those handling a budget.

Security deposits will be set at the discretion of the CSE.

The issue of security deposits prolonged debate by Congress, with some members contending that requiring such a deposit is unconstitutional. They argue that it will limit the aspirations of citizens from all social strata. Others defend the need to eliminate "capricious candidacies." Deputy Lelys Paez (LCR) was among the most passionate backers of a failed defense. "Democracy will end up being for the elite," he claimed.

CSE Without Budget Autonomy

Another controversial point was the CSE's autonomy. The Council's request for "budget autonomy" was rejected, meaning that any budget request or request for additional credits filed by the CSE would be handled by the competent agency exercising the discretion conferred upon it by law.

Regional parties will be able to nominate senators, congressional deputies and candidates for legislative assembly seats, acting on behalf of 2 percent of those belonging to the REP [Permanent Election Register].

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With respect to the Register, the deadline for revision and updating may not extend beyond June.

Illiterate voter groups may nominate candidates for the presidency. The modification was approved at the proposal of Convergence.

A decision will be made this Thursday on whether or not to create an Electoral Court of Administration and Litigation. By yesterday, no agreement had yet been reached on the matter.

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